



BUDGET BOOK

2014-2015

Mark Maidment CPFA

**Director of Finance
& Corporate Services**

Budget Book 2014/15

Each year the Council sets detailed revenue and capital budgets. The revenue budgets relate to the income and expenditure incurred on the day to day running of the Council. The Capital budgets include income and expenditure that will yield benefit to the Council over a period of more than a year (e.g. roads, buildings).

Produced by Accountancy

Finance & Corporate Services Directorate

We are continuously trying to improve the content and presentation of all our financial publications and would welcome any suggestions from readers.

Please contact:

Angeline deJong
Financial Accountant
The Civic Centre, 44 York Street, Twickenham TW1 3BZ
Tel: 020 8891 7204
Email: a.dejong@richmond.gov.uk

www.richmond.gov.uk

TABLE OF CONTENTS

	Section
1. Detailed Estimates Index	A
2. Budget Pages	
• Summary	B
• Finance and Corporate Services	C
• Education and Children’s Services	D
• Environment Directorate	E
• Adult and Community Services	F
3. Revenue Budget Strategy & Council Tax 2014/15	
• Revenue Budget Strategy & Council Tax Report	G
• Council Tax Bands 2014/15	
• Statutory Reserves	
• Medium and Long Term Financial Strategy	
• Equalities Implications	
4. Capital Programme 2013/14 to 2018/19	H
5. Definitions	I

SECTION A
Index to Detailed Estimates

	Page
Section A Index to Detailed Estimates	A1
Section B London Borough of Richmond upon Thames	
Subjective Summary & Analysis	B1
Analysis of 2014/15 Expenditure & Income	B2
Section C Finance & Corporate Services	C1
Objective Summary	C2
Subjective Summary	C3
IT Department (Inc Serco Contract)	C4
Human Resources	C5
Corporate Income	C6
Legal Services	C7
Democratic Services	C8
Financial Services Management	C9
Pensions Administration	C10
Accountancy	C11
Internal Audit	C12
Chief Executive's Office	C13
Electoral Services	C14
Democratic Representation & Management	C15
Cost of Local Tax Collection	C16
Corporate Management	C17
Precepts & Levies	C18
Customer Services	C19
Carbon Reduction Commitment	C20
Efficiency & Transformation Team	C21
Home Loans Unit	C22
Arts & Music	C23
Libraries	C24
Central Items	C25
Section D Education & Children's Services	D1
Objective Summary	D2
Education & Children's Services	D3
Section E Environment Services	E1
Objective Summary	E2
Subjective Summary	E3
Property Services	E4
Facilities Management Services (Inc Health, Safety & Resilience Team)	E5
Sports, Parks & Open Spaces (Inc Cemeteries)	E6
Planning & Development Services	E7
Regulatory Services	E8
Waste Services	E9
Highways Management	E10
Transport Planning & Safety Education	E11
Parking Services	E12
Transport Fleet Management & Maintenance	E13
Directorate Management & Support	E14

SECTION A

Section F Adult & Community Services	F1
Objective Summary	F2
Subjective Summary	F3
Commissioning Care Services Management	F4
Care Management	F5
Care Services - Older People & Physical Disabilities	F6
Care Services - Adults with Learning Disabilities	F7
Care Services - Mental Health	F8
Careline	F9
Other Commissioned Services - Adult Social Care	F10
Performance & Quality Assurance	F11
Community Services Operations Management	F12
Housing Advice & Assessment	F13
Resettlement Service	F14
Temporary Accommodation	F15
Private Sector & Other Housing	F16
Care Provision - Learning Disabilities	F17
Care Provision - Older People & Physical Disabilities	F18
Transport Operations	F19
Accessible Transport Unit	F20
Commissioning Corp. Policy & Strategy Management.	F21
Accountability & Engagement	F22
Partnerships & Planning	F23
Grants to Voluntary Organisations	F24
Corporate Procurement	F25
Corporate Equality & Diversity	F26
Corporate Communications	F27
Rent Allowances	F28
Supported Housing Services	F29
Directorate Management & Finance	F30
Joint Commissioning Collaborative Team	F31
Public Health	F32
Section G Revenue Budget Strategy & Council Tax 2014/15	G1
Council Tax Bands 2014/15	G15
Statutory Reserves	G16
Medium & Long Term Financial Strategy	G19
Equalities Implications	G38
Section H Capital Programme 2013/14 to 2018/19	H1
Section I Definitions	I1

SECTION B

COUNCIL'S REVENUE BUDGET 2014/15
SUBJECTIVE SUMMARY OF EXPENDITURE AND INCOME

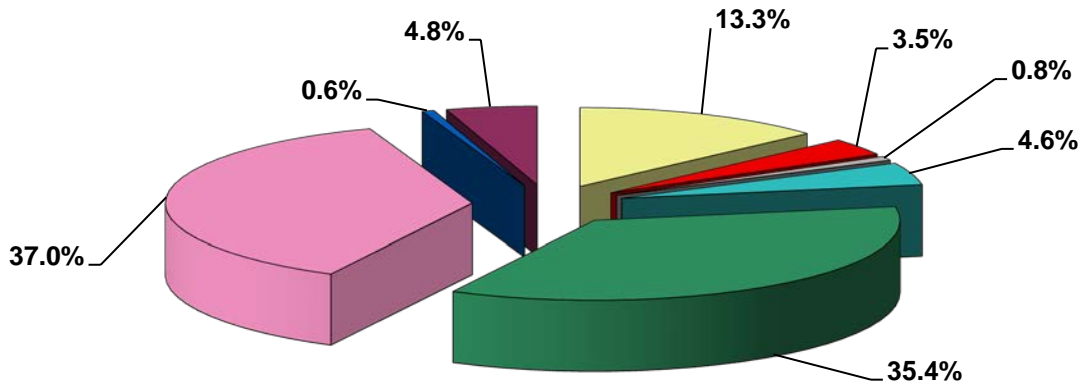
	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
Expenditure			
Employees	70,726,184	68,598,700	53,002,100
Premises	15,700,167	13,757,100	14,059,300
Transport	7,031,097	6,907,600	3,364,200
Supplies & Services	28,483,267	30,054,600	18,136,500
Third Party Payments	92,526,605	95,873,993	140,923,800
Transfer Payments	177,532,825	153,788,207	147,357,300
Support Services	3,351,973	3,310,900	2,535,000
TOTAL EXPENDITURE	395,352,118	372,291,100	379,378,200
Income			
Adjusted Dedicated Schools Grant	(94,445,000)	(85,243,000)	(91,607,000)
Government Grants	(95,282,408)	(81,364,900)	(85,864,400)
Other Grants & Contributions	(20,641,747)	(9,333,600)	(6,510,000)
Customer & Client Receipts	(57,354,090)	(50,364,900)	(49,710,700)
TOTAL INCOME	(267,723,245)	(226,306,400)	(233,692,100)
NET EXPENDITURE (EXCL. CENTRAL ITEMS)	127,628,873	145,984,700	145,686,100
Central Items	(11,773,974)	(38,481,700)	(36,500,200)
NET EXPENDITURE (CONTROLLABLE)	115,854,899	107,503,000	109,185,900
Financial Accounting Adjustments			
Central Support Charges	27,539,270	23,921,800	24,493,600
Departmental Support Charges	20,156,355	19,583,100	14,192,900
Capital Charges	0	0	0
Central Support Income	(27,539,270)	(23,921,800)	(24,493,600)
Departmental Support Income	(20,156,355)	(19,583,100)	(14,192,900)
NET ACCOUNTING ADJUSTMENTS	0	0	0
NET EXPENDITURE (ALL BUDGETS)	115,854,899	107,503,000	109,185,900

Variation Analysis (Excluding Schools)

Original Budget 2013/14	107,503,000
Inflation	3,126,800
Changes in Government Grants	2,338,900
Other Government or Outside Body Changes	(1,707,700)
Demand Led Growth	740,000
Budget Review Savings	(4,000,000)
Investment Priorities	1,105,000
Other Growth & Savings	79,900
Budget Transfers	0
Original Budget 2014/15	109,185,900
Other Information	
Employee FTE's (Budgeted)	3,032.5 2,290.3

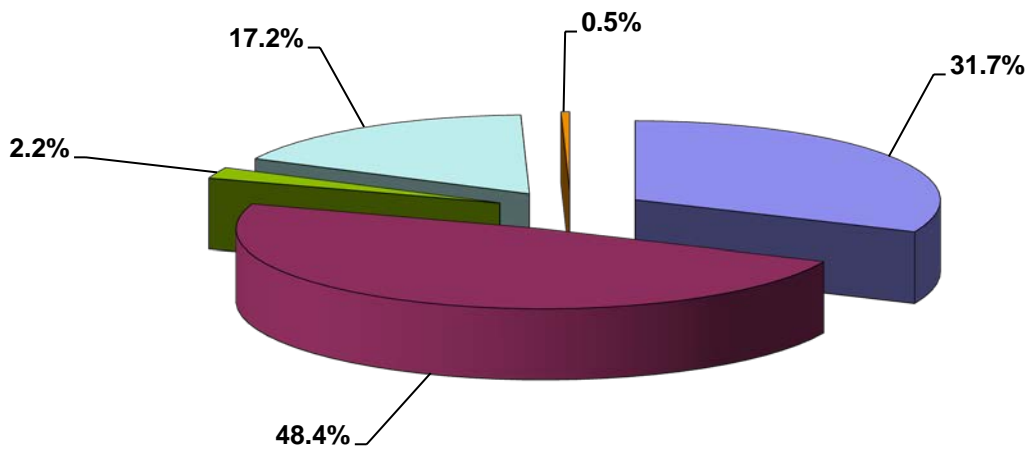
SECTION B

Analysis of 2014/15 Expenditure Budget



- Employees
- Transport
- Third Party Payments
- Support Services
- Premises
- Supplies and Services
- Transfer Payments
- Other expenditure reported under Central Items

Analysis of 2014/15 Income Budgets



- Adjusted Dedicated Schools Grant
- Government Grants
- Other Grants and Contributions
- Customer & Client Receipts
- Income Receivable/Collection Fund Surplus

FINANCE & CORPORATE SERVICES

Should you have any queries concerning the Finance & Corporate Services pages please contact:

Coral Baxter
Head of Capital Finance

Tel: 020 8891 7247

Email: c.baxter@richmond.gov.uk

SECTION C

FINANCE & CORPORATE SERVICES

REVENUE BUDGET - SUMMARY OF EXPENDITURE

	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>
<u>PURPOSE</u>	<u>Actual</u> £	<u>Estimate</u> £	<u>Estimate</u> £
ICT Department (Inc Serco Contract)	0	0	0
Human Resources	0	0	0
Corporate Income	0	0	0
Legal Services	0	0	0
Democratic Services	989,359	872,200	932,500
Financial Services Management	0	0	0
Pension Administration	0	0	0
Accountancy	0	0	0
Internal Audit	0	0	0
Chief Executive's Office	361,468	403,600	380,900
Electoral Services	549,092	571,200	885,700
Democratic Representation & Management	1,323,123	1,215,000	1,223,200
Cost of Local Tax Collection	2,852,511	2,117,200	2,440,500
Corporate Management	721,161	1,000,100	747,900
Precepts & Levies	608,796	657,400	717,900
Customer Services	0	0	0
Carbon Reduction Commitment	19,544	125,000	125,000
Efficiency & Transformation Team	0	0	0
Home Loans Unit	(41,507)	(21,900)	15,100
Arts & Music	1,912,243	736,400	867,500
Libraries	4,690,465	4,355,800	4,506,100
Total for Corporate Services	13,986,255	12,032,000	12,842,300
Central Items	(35,263,175)	(63,217,600)	(61,062,800)
Total for Corporate Services & Central Items	(21,276,920)	(51,185,600)	(48,220,500)

<u>Variation Analysis</u>	
Original Budget 2013/14	(51,185,600)
Inflation	1,010,700
Changes in Government Grants	2,637,900
Other Government or Outside Body Changes	(1,638,800)
Demand Led Growth	0
Budget Review Savings	(600,600)
Investment Priorities	846,000
Other Growth & Savings	79,900
Budget Transfers	630,000
Original Budget 2014/15	(48,220,500)

SECTION C

FINANCE & CORPORATE SERVICES

SUBJECTIVE ANALYSIS

	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
	<u>£</u>	<u>£</u>	<u>£</u>
<u>Expenditure</u>			
Employees	11,991,633	11,583,600	11,950,700
Premises	836,369	603,800	583,900
Transport	91,464	77,800	79,700
Supplies & Services	9,964,557	9,560,800	9,625,000
Third Party Payments	583,319	914,500	1,007,300
Transfer Payments	13,035,054	1,152,900	664,700
Support Services	1,746,134	1,838,900	1,658,000
TOTAL EXPENDITURE	38,248,530	25,732,300	25,569,300
<u>Income</u>			
Government Grants	(13,870,821)	(1,698,500)	(1,415,600)
Other Grants & Contributions	(546,307)	(347,300)	(342,300)
Customer & Client Receipts	(2,498,291)	(2,361,800)	(2,372,300)
TOTAL INCOME	(16,915,419)	(4,407,600)	(4,130,200)
NET EXPENDITURE (EXCL. CENTRAL ITEMS)	21,333,111	21,324,700	21,439,100
Central Items (Excl FA Adjustments)	(11,773,974)	(38,481,700)	(36,500,200)
NET EXPENDITURE (CONTROLLABLE)	9,559,137	(17,157,000)	(15,061,100)
<u>Financial Accounting Adjustments</u>			
Central Support Charges	6,477,244	5,130,400	5,534,200
Departmental Support Charges	0	0	0
Capital Charges	(21,767,027)	(24,165,700)	(23,755,200)
Central Support Income	(15,546,274)	(14,993,300)	(14,938,400)
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	(30,836,057)	(34,028,600)	(33,159,400)
NET EXPENDITURE (ALL BUDGETS)	(21,276,920)	(51,185,600)	(48,220,500)

Other Information

Employee FTE's (Budgeted)

294.2*

295.3

* This includes 87.9FTE's transferred into the Directorate for Arts & Libraries.

SECTION C

FINANCE & CORPORATE SERVICES

ICT DEPARTMENT (Inc Serco Contract)

This budget comprises the strategic IT partnership with Serco & corporate ICT provision. Serco are responsible for providing IT infrastructure, support & desktop support, & management of some core applications. This section creates & maintains the navigation & content for the Council's public website & intranet, develops a range of databases & web applications using e-forms, integrates web applications using web services & provides technical advice on web technology. It provides a document management service to the Council & maintains the Council's information security standards.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	1,547,662	1,312,400	1,337,700
Premises	44,736	0	0
Transport	811	500	600
Supplies & Services	4,973,206	5,529,500	5,910,800
Third Party Payments	0	0	0
Transfer Payments	0	279,100	0
Support Services	16,844	9,100	3,400
TOTAL EXPENDITURE	6,583,259	7,130,600	7,252,500
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(35,875)	(25,000)	(10,000)
TOTAL INCOME	(35,875)	(25,000)	(10,000)
NET EXPENDITURE (CONTROLLABLE)	6,547,384	7,105,600	7,242,500
<u>Financial Accounting Adjustments</u>			
Central Support Charges	439,692	502,900	503,200
Departmental Support Charges	0	0	0
Capital Charges	498,533.00	207,500	384,700
Central Support Income	(7,485,609)	(7,816,000)	(8,130,400)
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	(6,547,384)	(7,105,600)	(7,242,500)
NET EXPENDITURE (ALL BUDGETS)	0	0	0

Variation Analysis

Original Budget 2013/14	0
Inflation	244,900
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(303,700)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	58,800
Original Budget 2014/15	0
<u>Other Information</u>	
Employee FTE's (Budgeted)	29.6
	29.6

SECTION C

FINANCE & CORPORATE SERVICES

HUMAN RESOURCES

The Human Resources Team supports & enables the Council to recruit, develop, lead & manage its people effectively. The HR Service is delivered to Richmond Council by a shared service hosted by the Royal Borough of Kingston upon Thames, with the payroll service outsourced to a payroll agency bureau.

	<u>2012/13</u> <u>Actual</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	259,449	270,100	270,100
Premises	1,392	0	0
Transport	28	0	0
Supplies & Services	413,202	214,400	20,200
Third Party Payments	0	0	53,600
Transfer Payments	0	127,700	0
Support Services	1,603,001	1,687,300	1,693,400
TOTAL EXPENDITURE	2,277,072	2,299,500	2,037,300
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(521,709)	(499,600)	(439,800)
TOTAL INCOME	(521,709)	(499,600)	(439,800)
NET EXPENDITURE (CONTROLLABLE)	1,755,363	1,799,900	1,597,500
<u>Financial Accounting Adjustments</u>			
Central Support Charges	31,244	42,000	111,700
Departmental Support Charges	0	0	0
Capital Charges	0	13,100	49,900
Central Support Income	(1,786,607)	(1,855,000)	(1,759,100)
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	(1,755,363)	(1,799,900)	(1,597,500)
NET EXPENDITURE (ALL BUDGETS)	0	0	0

Variation Analysis**Original Budget 2013/14**

Inflation	1,100
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(169,500)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	168,400

Original Budget 2014/15**Other Information**

Employee FTE's (Budgeted)	0.0	0.0
---------------------------	-----	-----

SECTION C

FINANCE & CORPORATE SERVICES

CORPORATE INCOME

The Corporate Income Team operates a banking & allocation service to all service areas within the Council. The team is also responsible for cash collection from parking meters, libraries, leisure centres & all other Council establishments.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	205,154	222,100	226,600
Premises	0	0	0
Transport	1,601	1,600	1,600
Supplies & Services	43,176	42,500	30,700
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	218	1,500	200
TOTAL EXPENDITURE	250,149	267,700	259,100
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(2,992)	(7,000)	(7,000)
TOTAL INCOME	(2,992)	(7,000)	(7,000)
NET EXPENDITURE (CONTROLLABLE)	247,157	260,700	252,100
<u>Financial Accounting Adjustments</u>			
Central Support Charges	214,534	78,100	99,000
Departmental Support Charges	0	0	0
Capital Charges	14,605.00	10,600	17,700
Central Support Income	(476,296)	(349,400)	(368,800)
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	(247,157)	(260,700)	(252,100)
NET EXPENDITURE (ALL BUDGETS)	0	0	0

Variation Analysis**Original Budget 2013/14**

Inflation	3,100
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(800)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(2,300)

Original Budget 2014/15**Other Information**

Employee FTE's (Budgeted)	6.6	6.6
---------------------------	-----	-----

SECTION C

FINANCE & CORPORATE SERVICES

LEGAL SERVICES

Legal Services are provided to the Council by a shared service arrangement hosted by Merton Council. The shared service is overseen by a Board comprising the Directors of Finance & Corporate Services from each Borough. The joint service provides legal services to all Directorates & across all of the Council's functions, & to schools & to certain other public bodies; procures specialist advice & advocacy where necessary; & ensures legality, probity & sound corporate governance. No direct cost budgets are now recorded here as legal services now operate a direct charging mechanism to charge each service.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	(5,572)	0	0
Premises	0	0	0
Transport	696	700	700
Supplies & Services	5,872	0	0
Third Party Payments	(204,264)	0	0
Transfer Payments	0	0	0
Support Services	60,320	33,700	(150,600)
TOTAL EXPENDITURE	(142,948)	34,400	(149,900)
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(18,211)	0	0
TOTAL INCOME	(18,211)	0	0
NET EXPENDITURE (CONTROLLABLE)	(161,159)	34,400	(149,900)
<u>Financial Accounting Adjustments</u>			
Central Support Charges	19,326	13,600	25,600
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	141,833	(48,000)	124,300
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	161,159	(34,400)	149,900
NET EXPENDITURE (ALL BUDGETS)	0	0	0

Variation Analysis

Original Budget 2013/14	0
Inflation	0
Changes in Government Grants	0
Other Government or Outside Body changes	0
Demand Led Growth	0
Budget Review Savings	0
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	0
Original Budget 2014/15	0
<u>Other Information</u>	
Employee FTE's (Budgeted)	0.0 0.0

SECTION C

FINANCE & CORPORATE SERVICES

DEMOCRATIC SERVICES

Democratic Services has responsibility for co-ordinating & managing the democratic process by ensuring the efficient & proper conduct of Council decision making, enabling scrutiny, promoting awareness of meetings & participation by the community.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	621,444	582,900	586,600
Premises	1,513	0	0
Transport	2,129	900	900
Supplies & Services	47,096	97,800	97,500
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	1,462	4,700	1,700
TOTAL EXPENDITURE	673,644	686,300	686,700
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(3,110)	0	0
TOTAL INCOME	(3,110)	0	0
NET EXPENDITURE (CONTROLLABLE)	670,534	686,300	686,700
<u>Financial Accounting Adjustments</u>			
Central Support Charges	318,825	185,900	245,800
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	318,825	185,900	245,800
NET EXPENDITURE (ALL BUDGETS)	989,359	872,200	932,500

Variation Analysis

Original Budget 2013/14	872,200
Inflation	600
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(2,400)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	62,100
Original Budget 2014/15	932,500
<u>Other Information</u>	
Employee FTE's (Budgeted)	15.0
	15.0

SECTION C

FINANCE & CORPORATE SERVICES

FINANCIAL SERVICES MANAGEMENT

This budget covers the costs of the Director of Finance & Corporate Services along with the Assistant Directors of Finance & their shared Personal Assistant.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	388,220	439,500	485,400
Premises	128	0	0
Transport	538	900	900
Supplies & Services	16,207	9,700	9,700
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	16,728	6,700	19,200
TOTAL EXPENDITURE	421,821	456,800	515,200
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(11)	0	0
TOTAL INCOME	(11)	0	0
NET EXPENDITURE (CONTROLLABLE)	421,810	456,800	515,200
<u>Financial Accounting Adjustments</u>			
Central Support Charges	181,632	42,000	42,300
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	(603,442)	(498,800)	(557,500)
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	(421,810)	(456,800)	(515,200)
NET EXPENDITURE (ALL BUDGETS)	0	0	0

<u>Variation Analysis</u>		
Original Budget 2013/14		0
Inflation		(100)
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		0
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		100
Original Budget 2014/15		0
<u>Other Information</u>		
Employee FTE's (Budgeted)	3.5	4.0

SECTION C

FINANCE & CORPORATE SERVICES

PENSIONS ADMINISTRATION

The Pensions Administration Team is responsible for the payroll processing & administration of the Council's Pension Fund.

	<u>2012/13</u> <u>Actual</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	113,219	102,500	117,900
Premises	0	0	0
Transport	84	100	100
Supplies & Services	50,897	8,400	86,400
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	6,310	2,900	2,700
TOTAL EXPENDITURE	170,510	113,900	207,100
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(140,901)	(140,900)	(156,900)
TOTAL INCOME	(140,901)	(140,900)	(156,900)
NET EXPENDITURE (CONTROLLABLE)	29,609	(27,000)	50,200
<u>Financial Accounting Adjustments</u>			
Central Support Charges	37,479	20,300	42,300
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	(67,088)	6,700	(92,500)
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	(29,609)	27,000	(50,200)
NET EXPENDITURE (ALL BUDGETS)	0	0	0

<u>Variation Analysis</u>		
Original Budget 2013/14		0
Inflation		300
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(2,100)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		1,800
Original Budget 2014/15		0
<u>Other Information</u>		
Employee FTE's (Budgeted)	2.7	3.2

SECTION C

FINANCE & CORPORATE SERVICES

ACCOUNTANCY

The Accountancy Team is responsible for the co-ordination of all the Council's finance functions. In particular: setting the Council's budget, corporate budget monitoring, year end accounts, treasury management, financing of the capital programme & the processing of all creditor invoices.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	1,399,202	1,422,900	1,448,600
Premises	59	0	0
Transport	1,323	4,100	2,100
Supplies & Services	51,086	50,500	52,400
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	150	800	200
TOTAL EXPENDITURE	1,451,820	1,478,300	1,503,300
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(82,050)	(77,300)	(315,300)
TOTAL INCOME	(82,050)	(77,300)	(315,300)
NET EXPENDITURE (CONTROLLABLE)	1,369,770	1,401,000	1,188,000
<u>Financial Accounting Adjustments</u>			
Central Support Charges	601,757	496,200	500,700
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	(1,971,527)	(1,897,200)	(1,688,700)
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	(1,369,770)	(1,401,000)	(1,188,000)
NET EXPENDITURE (ALL BUDGETS)	0	0	0

<u>Variation Analysis</u>		
Original Budget 2013/14		0
Inflation		0
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(1,800)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		1,800
Original Budget 2014/15		0
<u>Other Information</u>		
Employee FTE's (Budgeted)	36.5	36.8

SECTION C

FINANCE & CORPORATE SERVICES

INTERNAL AUDIT

Internal Audit is a statutory function. All local authorities must comply with the Accounts & Audit Regulations (amended 2011) & are required to make provision for Internal Audit in accordance with the Public Sector Internal Audit Standards 2013. From 1st June 2012, a Shared Internal Audit & Investigations Service between Richmond & Kingston Councils, with Richmond being the lead authority has been in operation. The Shared Service is monitored by a shared service Board & reports individually to each authorities' Audit Committee. Costs are shared on the basis of the agreed Annual Audit Plans.

	<u>2012/13</u> <u>Actual</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	741,723	807,100	857,200
Premises	0	0	0
Transport	7,987	11,000	12,000
Supplies & Services	77,743	52,700	60,300
Third Party Payments	137,074	127,000	127,000
Transfer Payments	0	74,600	0
Support Services	18,142	6,300	19,200
TOTAL EXPENDITURE	982,669	1,078,700	1,075,700
<u>Income</u>			
Government Grants	(100,000)	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(412,023)	(481,400)	(561,100)
TOTAL INCOME	(512,023)	(481,400)	(561,100)
NET EXPENDITURE (CONTROLLABLE)	470,646	597,300	514,600
<u>Financial Accounting Adjustments</u>			
Central Support Charges	227,885	165,700	195,200
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	(698,531)	(763,000)	(709,800)
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	(470,646)	(597,300)	(514,600)
NET EXPENDITURE (ALL BUDGETS)	0	0	0

Variation Analysis

Original Budget 2013/14	0
Inflation	43,500
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(48,400)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	4,900
Original Budget 2014/15	0
<u>Other Information</u>	
Employee FTE's (Budgeted)	17.9
	17.9

SECTION C

FINANCE & CORPORATE SERVICES

CHIEF EXECUTIVE'S OFFICE

This section covers the cost of the Chief Executive & supporting staff.

	<u>2012/13</u> <u>Actual</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	276,099	287,900	288,200
Premises	0	0	0
Transport	2,909	3,200	3,200
Supplies & Services	36,178	86,400	61,400
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	0	0	0
TOTAL EXPENDITURE	315,186	377,500	352,800
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(444)	0	0
TOTAL INCOME	(444)	0	0
NET EXPENDITURE (CONTROLLABLE)	314,742	377,500	352,800
<u>Financial Accounting Adjustments</u>			
Central Support Charges	46,726	26,100	28,100
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	46,726	26,100	28,100
NET EXPENDITURE (ALL BUDGETS)	361,468	403,600	380,900

Variation Analysis

Original Budget 2013/14	403,600
Inflation	1,500
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(1,500)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(22,700)
Original Budget 2014/15	380,900
<u>Other Information</u>	
Employee FTE's (Budgeted)	2.0

SECTION C

FINANCE & CORPORATE SERVICES

ELECTORAL SERVICES

The Electoral Services Team is responsible for the Electoral Register & administering all elections & referenda within the Borough. They also assist with the review & implementation of local & parliamentary boundary changes.

	<u>2012/13</u> <u>Actual</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	216,466	233,500	536,600
Premises	17,239	9,700	1,800
Transport	202	500	500
Supplies & Services	134,617	166,300	201,600
Third Party Payments	963	0	0
Transfer Payments	0	0	0
Support Services	163	1,100	200
TOTAL EXPENDITURE	369,650	411,100	740,700
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(4,256)	(2,800)	(2,900)
TOTAL INCOME	(4,256)	(2,800)	(2,900)
NET EXPENDITURE (CONTROLLABLE)	365,394	408,300	737,800
<u>Financial Accounting Adjustments</u>			
Central Support Charges	183,698	162,900	147,900
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	183,698	162,900	147,900
NET EXPENDITURE (ALL BUDGETS)	549,092	571,200	885,700

<u>Variation Analysis</u>	
Original Budget 2013/14	571,200
Inflation	5,800
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(5,000)
Investment Priorities	0
Other Growth & Savings	300,000
Budget Transfers	13,700
Original Budget 2014/15	885,700
<u>Other Information</u>	
Employee FTE's (Budgeted)	6.0 6.0

SECTION C

FINANCE & CORPORATE SERVICES

DEMOCRATIC REPRESENTATION AND MANAGEMENT

This represents costs incurred as a direct result of providing support & improving the capacity & effectiveness of Members in the conduct of their various roles, & by supporting the Mayoralty & the civic & ceremonial functions of the Council.

	<u>2012/13</u> <u>Actual</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Mayor's Allowances & Support Services	31,915	29,800	29,800
Members' Allowances	691,161	687,800	687,800
Members' Expenses & Support Services	239,664	215,500	221,500
Committee Meeting Refreshments	28,481	6,900	6,900
Civic Functions & Regalia	0	0	0
Subscriptions	210,980	179,000	179,000
Civic Pride Fund	0	33,900	23,700
Support Services	0	0	0
TOTAL EXPENDITURE	1,202,201	1,152,900	1,148,700
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	365	(1,300)	(1,300)
TOTAL INCOME	365	(1,300)	(1,300)
NET EXPENDITURE (CONTROLLABLE)	1,202,566	1,151,600	1,147,400
<u>Financial Accounting Adjustments</u>			
Central Support Charges	120,557	63,400	75,800
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	120,557	63,400	75,800
NET EXPENDITURE (ALL BUDGETS)	1,323,123	1,215,000	1,223,200

Variation Analysis

Original Budget 2013/14	1,215,000
Inflation	23,100
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(24,300)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	9,400
Original Budget 2014/15	1,223,200
<u>Other Information</u>	
Employee FTE's (Budgeted)	0.0 0.0

SECTION C

FINANCE & CORPORATE SERVICES

COST OF LOCAL TAX COLLECTION

This service is responsible for the billing, collection & recovery of the Council Tax & Business Rates from every household & business in the Borough. It also covers the administration of benefits for approximately 11,000 residents, & the Community Care Grants & Crisis Loans which are the Council's responsibility from 1st April 2013.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	1,659,313	1,706,400	1,678,800
Premises	52	0	0
Transport	7,698	10,200	10,200
Supplies & Services	501,080	477,500	383,700
Third Party Payments	570	20,500	20,500
Transfer Payments	13,003,054	643,000	636,200
Support Services	5,142	7,800	5,900
TOTAL EXPENDITURE	15,176,909	2,865,400	2,735,300
<u>Income</u>			
Government Grants	(13,738,483)	(1,698,500)	(1,415,600)
Other Grants & Contributions	(321,459)	(333,800)	(333,800)
Customer & Client Receipts	(376,166)	(400,400)	(400,400)
TOTAL INCOME	(14,436,108)	(2,432,700)	(2,149,800)
NET EXPENDITURE (CONTROLLABLE)	740,801	432,700	585,500
<u>Financial Accounting Adjustments</u>			
Central Support Charges	2,109,807	1,682,600	1,853,100
Departmental Support Charges	0	0	0
Capital Charges	1,903.00	1,900	1,900
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	2,111,710	1,684,500	1,855,000
NET EXPENDITURE (ALL BUDGETS)	2,852,511	2,117,200	2,440,500

Variation Analysis

Original Budget 2013/14	2,117,200
Inflation	(24,900)
Changes in Government Grants	275,900
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(9,500)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	81,800
Original Budget 2014/15	2,440,500
<u>Other Information</u>	
Employee FTE's (Budgeted)	48.1 48.2

SECTION C

FINANCE & CORPORATE SERVICES

CORPORATE MANAGEMENT

The Code of Practise issued by CIPFA carefully defines what should be charged to Corporate Management. Costs include: external audit fees; corporate legal fees, bank charges & treasury management administration costs.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	0	0	0
Premises	0	0	0
Transport	0	0	0
Supplies & Services	291,780	415,700	312,700
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	9,663	72,200	54,700
TOTAL EXPENDITURE	301,443	487,900	367,400
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(59,042)	(39,600)	(39,600)
TOTAL INCOME	(59,042)	(39,600)	(39,600)
NET EXPENDITURE (CONTROLLABLE)	242,401	448,300	327,800
<u>Financial Accounting Adjustments</u>			
Central Support Charges	478,760	551,800	420,100
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	478,760	551,800	420,100
NET EXPENDITURE (ALL BUDGETS)	721,161	1,000,100	747,900

Variation Analysis

Original Budget 2013/14	1,000,100
Inflation	10,400
Changes in Government Grants	0
Other Government or Outside Body Changes	(60,000)
Demand Led Growth	0
Budget Review Savings	(50,400)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(152,200)
Original Budget 2014/15	747,900
<u>Other Information</u>	
Employee FTE's (Budgeted)	0.0 0.0

SECTION C

FINANCE & CORPORATE SERVICES

PRECEPTS AND LEVIES

This cost centre includes the cost of levies that the Council has to pay each year that are not shown within the departmental budgets e.g. London Pensions Fund Authority, Coroner's Court & the local levy for Flood Defence.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	0	0	0
Premises	0	0	0
Transport	0	0	0
Supplies & Services	0	0	0
Third Party Payments	608,796	657,400	714,500
Transfer Payments	0	0	0
Support Services	0	0	0
TOTAL EXPENDITURE	608,796	657,400	714,500
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	0	0	0
TOTAL INCOME	0	0	0
NET EXPENDITURE (CONTROLLABLE)	608,796	657,400	714,500
<u>Financial Accounting Adjustments</u>			
Central Support Charges	0	0	3,400
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	0	0	3,400
NET EXPENDITURE (ALL BUDGETS)	608,796	657,400	717,900

<u>Variation Analysis</u>		
Original Budget 2013/14		657,400
Inflation		0
Changes in Government Grants		0
Other Government or Outside Body Changes		57,100
Demand Led Growth		0
Budget Review Savings		0
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		3,400
Original Budget 2014/15		717,900
<u>Other Information</u>		
Employee FTE's (Budgeted)	0.0	0.0

SECTION C

FINANCE & CORPORATE SERVICES

CUSTOMER SERVICES

Customer Service is responsible for handling & resolving (wherever possible) telephone & email enquiries for customers contacting the Council & visitors to the Civic Centre & 44 York Street.

	<u>2012/13</u> <u>Actual</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	1,342,495	1,227,300	1,252,300
Premises	0	0	0
Transport	377	100	100
Supplies & Services	227,964	64,000	48,100
Third Party Payments	0	27,400	27,400
Transfer Payments	0	0	0
Support Services	0	0	0
TOTAL EXPENDITURE	1,570,836	1,318,800	1,327,900
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(130,416)	(37,700)	(37,700)
TOTAL INCOME	(130,416)	(37,700)	(37,700)
NET EXPENDITURE (CONTROLLABLE)	1,440,420	1,281,100	1,290,200
<u>Financial Accounting Adjustments</u>			
Central Support Charges	594,198	398,300	452,700
Departmental Support Charges	0	0	0
Capital Charges	2,500.00	2,500	2,500
Central Support Income	(2,037,118)	(1,681,900)	(1,745,400)
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	(1,440,420)	(1,281,100)	(1,290,200)
NET EXPENDITURE (ALL BUDGETS)	0	0	0

Variation Analysis**Original Budget 2013/14****0**

Inflation

8,100

Changes in Government Grants

0

Other Government or Outside Body Changes

0

Demand Led Growth

0

Budget Review Savings

(1,100)

Investment Priorities

0

Other Growth & Savings

0

Budget Transfers

(7,000)

Original Budget 2014/15**0****Other Information**

Employee FTE's (Budgeted)

37.9

37.9

CARBON REDUCTION COMMITMENT

Under the Government's Carbon Reduction Commitment Scheme the Council is required to buy carbon credits to cover its carbon usage each year. This budget is for the purchase of those credits. Practical work on reducing the Council's carbon footprint is undertaken within the Environment Directorate.

	<u>2012/13</u> <u>Actual</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	0	0	0
Premises	18,254	125,000	125,000
Transport	0	0	0
Supplies & Services	1,290	0	0
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	0	0	0
TOTAL EXPENDITURE	19,544	125,000	125,000
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	0	0	0
TOTAL INCOME	0	0	0
NET EXPENDITURE (CONTROLLABLE)	19,544	125,000	125,000
<u>Financial Accounting Adjustments</u>			
Central Support Charges	0	0	0
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	0	0	0
NET EXPENDITURE (ALL BUDGETS)	19,544	125,000	125,000

Variation Analysis

Original Budget 2013/14	125,000
Inflation	0
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	0
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	0
Original Budget 2014/15	125,000
<u>Other Information</u>	
Employee FTE's (Budgeted)	0.0

SECTION C

FINANCE & CORPORATE SERVICES

EFFICIENCY & TRANSFORMATION TEAM

This budget has been used to meet the salaries & associated costs of staff seconded to the Efficiency & Transformation Team. From 2014/15 these activities are more focussed on specific programmes & activities which have their own funding, meaning the team budget is no longer needed

	<u>2012/13</u> <u>Actual</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	267,104	63,900	0
Premises	0	0	0
Transport	66	0	0
Supplies & Services	262,787	900	0
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	2,127	0	0
TOTAL EXPENDITURE	532,084	64,800	0
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(24,410)	0	0
TOTAL INCOME	(24,410)	0	0
NET EXPENDITURE (CONTROLLABLE)	507,674	64,800	0
<u>Financial Accounting Adjustments</u>			
Central Support Charges	54,215	25,900	10,500
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	(561,889)	(90,700)	(10,500)
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	(507,674)	(64,800)	0
NET EXPENDITURE (ALL BUDGETS)	0	0	0

Variation Analysis

Original Budget 2013/14	0
Inflation	0
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(900)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	900
Original Budget 2014/15	0
<u>Other Information</u>	
Employee FTE's (Budgeted)	0.5 0.0

SECTION C

FINANCE & CORPORATE SERVICES

HOME LOANS UNIT

The Home Loans Unit administers the ex-GLC residential mortgage portfolio on behalf of the 33 London Boroughs, under the terms of SI 1988 No 1747. Revenue & capital surpluses generated by the mortgages are distributed to the Boroughs.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	35,278	66,500	29,600
Premises	0	2,000	0
Transport	0	0	0
Supplies & Services	16,184	23,000	13,800
Third Party Payments	40,000	82,200	64,300
Transfer Payments	0	0	0
Support Services	567	200	1,800
TOTAL EXPENDITURE	92,029	173,900	109,500
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(133,536)	(195,800)	(131,000)
TOTAL INCOME	(133,536)	(195,800)	(131,000)
NET EXPENDITURE (CONTROLLABLE)	(41,507)	(21,900)	(21,500)
<u>Financial Accounting Adjustments</u>			
Central Support Charges	0	0	36,600
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	0	0	36,600
NET EXPENDITURE (ALL BUDGETS)	(41,507)	(21,900)	15,100

Variation Analysis

Original Budget 2013/14	(21,900)
Inflation	1,200
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(600)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	36,400
Original Budget 2014/15	15,100
<u>Other Information</u>	
Employee FTE's (Budgeted)	0.0 0.0

ARTS & MUSIC

The Arts Service at the historic site of Orleans House Gallery delivers an innovative, integrated & accessible Arts provision. Working in partnership with a range of providers & organisations, the Arts Service works across the Borough, encouraging all forms of creative development, from a range of visual arts to dance, drama, music, film & literature.

	<u>2012/13</u> <u>Actual</u> <u>£</u>	<u>2013/14</u> <u>Original</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	371,803	305,600	354,200
Premises	203,260	46,400	53,200
Transport	15,061	500	500
Supplies & Services	805,239	316,000	325,200
Third Party Payments	180	0	0
Transfer Payments	32,000	28,500	28,500
Support Services	292	0	300
TOTAL EXPENDITURE	1,427,835	697,000	761,900
<u>Income</u>			
Government Grants	(25,557)	0	0
Other Grants & Contributions	(220,548)	(13,500)	(8,500)
Customer & Client Receipts	(315,273)	(76,400)	(79,300)
TOTAL INCOME	(561,378)	(89,900)	(87,800)
NET EXPENDITURE (CONTROLLABLE)	866,457	607,100	674,100
<u>Financial Accounting Adjustments</u>			
Central Support Charges	180,554	125,100	189,200
Departmental Support Charges	0	0	0
Capital Charges	865,232	4,200	4,200
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	1,045,786	129,300	193,400
NET EXPENDITURE (ALL BUDGETS)	1,912,243	736,400	867,500

Variation Analysis

Original Budget 2013/14	736,400
Inflation	2,900
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(8,100)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	136,300
Original Budget 2014/15	867,500
<u>Other Information</u>	
Employee FTE's (Budgeted)	7.2 7.5

LIBRARY SERVICE

The Borough has 11 lending libraries & a central Reference & Information Service at the Old Town Hall, comprising the Reference Library & Local Studies Library.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Original</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	2,552,574	2,533,000	2,480,900
Premises	549,736	420,700	403,900
Transport	49,954	43,500	46,300
Supplies & Services	806,752	852,600	861,800
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	5,005	4,600	5,700
TOTAL EXPENDITURE	3,964,021	3,854,400	3,798,600
<u>Income</u>			
Government Grants	(6,781)	0	0
Other Grants & Contributions	(4,300)	0	0
Customer & Client Receipts	(238,231)	(376,600)	(190,000)
TOTAL INCOME	(249,312)	(376,600)	(190,000)
NET EXPENDITURE	<u>3,714,709</u>	<u>3,477,800</u>	<u>3,608,600</u>
<u>Financial Accounting Adjustments</u>			
Central Support Charges	636,355	547,600	547,100
Departmental Support Charges	0	0	0
Capital Charges	339,401	330,400	350,400
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	975,756	878,000	897,500
NET EXPENDITURE (ALL BUDGETS)	<u>4,690,465</u>	<u>4,355,800</u>	<u>4,506,100</u>

Variation Analysis

Original Budget 2013/14	4,355,800
Inflation	22,100
Changes in Government Grants	0
Other Government or Outside Body Changes	(900)
Demand Led Growth	0
Budget Review Savings	(20,500)
Investment Priorities	0
Other Growth & Savings	61,300
Budget Transfers	88,300
Original Budget 2014/15	<u>4,506,100</u>
<u>Other Information</u>	
Employee FTE's (Budgeted)	80.7 80.7

SECTION C

FINANCE & CORPORATE SERVICES

CENTRAL ITEMS

Central items includes income & expenditure that relates to the Council's treasury (or cash) management function as well as items that are budgeted for centrally that relate to all directorates. This includes amounts set aside for items of expenditure that are not foreseen at the time budgets are set (contingency), amounts set aside for investment in specific areas during the year, non-ringfenced Government grants & the use of the Council's general & earmarked reserves.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>ASSET MANAGEMENT & TREASURY</u>			
Interest Payable	3,632,488	2,733,000	2,887,000
Interest Receivable	(1,785,473)	(540,000)	(564,000)
MRP (Principal Loan Repay)	2,934,248	1,474,000	1,905,000
Revenue Funding of Capital Expenditure			
- Use of Revenue Reserves	5,219,387	503,000	1,196,000
- Use of Revenue Grants & Contributions	4,244,703	1,841,000	917,000
- General DRF	9,525,728	1,240,800	1,136,800
<u>CONTINGENCY & INVESTMENT ITEMS</u>			
Pavements & Highways	0	1,000,000	1,000,000
General & Pay Award Contingency	0	1,158,000	1,124,900
Rugby World Cup	0	0	100,000
Village Plans	0	0	375,000
Procurement Contract Savings	(7,073)	(300,000)	(250,000)
Local Taxation Contingency	0	409,400	0
<u>NON-RINGFENCED GOVERNMENT GRANTS</u>			
New Homes Bonus Grant	(1,026,696)	(2,041,900)	(2,509,900)
Early Intervention Grant	(6,571,918)	0	0
Council Tax Freeze Grant	(2,896,370)	(1,166,000)	(1,092,000)
Business Rates 2% Cap Grant	0	0	(213,000)
Revenue Support Grant/Retained Business Rates	(30,111,327)	(53,253,400)	(50,452,400)
<u>OTHER</u>			
Use of General Fund Reserve	(250,000)		
Transfers to / from Earmarked Reserves	1,303,752	520,600	10,400
Distribution of surplus / deficit on Collection Fund	(500,000)	(750,000)	(750,000)
Centrally Funded Pensions	4,514,577	5,027,900	4,852,100
Business Rates Levy / Tariff	0	3,661,900	3,826,900
NET EXPENDITURE	<u>(11,773,974)</u>	<u>(38,481,700)</u>	<u>(36,500,200)</u>
<u>Financial Accounting Adjustments</u>			
Central Support Charges	0	0	3,900
Capital Charges	0	0	8,400
Reversal of Depreciation	(12,173,567)	(12,190,400)	(12,528,900)
Reversal of Deferred Charges	(11,315,634)	(12,545,500)	(12,046,000)
NET ACCOUNTING ADJUSTMENTS	<u>(23,489,201)</u>	<u>(24,735,900)</u>	<u>(24,562,600)</u>
NET EXPENDITURE (ALL BUDGETS)	<u>(35,263,175)</u>	<u>(63,217,600)</u>	<u>(61,062,800)</u>
<u>Variation Analysis</u>			
Original Budget 2013/14			(63,217,600)
Inflation			667,100
Changes in Government Grants			2,362,000
Other Government or Outside Body Changes			(1,635,000)
Demand Led Growth			0
Budget Review Savings			50,000
Investment Priorities			846,000
Other Growth & Savings			(281,400)
Budget Transfers			146,100
Original Budget 2014/15			<u>(61,062,800)</u>

EDUCATION & CHILDREN'S SERVICES

Should you have any queries concerning the Education & Children's Services pages please contact:

Graham Russell
Assistant Director of Finance

Tel: 020 8891 7226

Email: g.russell@richmond.gov.uk

SECTION D

EDUCATION & CHILDREN'S SERVICES

REVENUE BUDGET - SUMMARY OF EXPENDITURE

<u>PURPOSE</u>	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
Total Education & Children's Services	<u>44,462,460</u>	<u>45,872,700</u>	<u>44,315,000</u>

<u>Variation Analysis</u>	
Original Estimate 2013/14	45,872,700
Inflation	271,300
Changes in Government Grants	(299,000)
Other Government or Outside Body Changes	46,500
Demand Led Growth	700,000
Budget Review Savings	(716,000)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(1,560,500)
Original Budget 2014/15	<u>44,315,000</u>

SECTION D
EDUCATION & CHILDREN'S SERVICES

EDUCATION & CHILDRENS SERVICES

These budgets pay for Children's Social Services & Education Services in the Borough. From 1st April 2014 Children's Social Services will be commissioned from a Community Interest Company called Achieving for Children (AfC). This company is jointly owned by the London Borough of Richmond & Royal Borough of Kingston. The commissioned services comprise; Specialist Services (Social Work, Looked after Children, Family Support & Leaving Care); Protective & Preventative Services (Youth Support, Special Educational Needs, Early Years, Education & Family Support); Education Services (funded by Dedicated Schools Grant) that are not directly provided by schools. The Council retains budgets for all Government Grants, payment of fixed education grant to schools & nurseries, employment of staff with statutory responsibilities & a contract budget (payable to AfC for commissioned services).

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	18,620,345	17,612,800	1,059,500
Premises	2,118,359	665,100	106,000
Transport	3,853,291	3,264,000	0
Supplies & Services	10,056,433	8,565,800	13,700
Third Party Payments	16,779,920	14,177,193	56,295,800
Transfer Payments	8,962,287	6,628,407	0
Transfer Payments (Delegated to Schools)	81,762,707	71,125,300	68,780,700
Support Services	710,447	697,200	0
NET EXPENDITURE	142,863,789	122,735,800	126,255,700
<u>Income</u>			
Central Education Services Grant	0	(2,053,000)	(2,228,000)
Dedicated Schools Grant	(94,445,000)	(85,243,000)	(91,607,000)
Government Grants	(4,786,039)	(3,842,100)	(5,149,300)
Other Grants & Contributions	(11,263,259)	(3,241,100)	(45,300)
Customer & Client Receipts	(4,300,808)	(1,218,600)	0
TOTAL INCOME	(114,795,106)	(95,597,800)	(99,029,600)
NET EXPENDITURE (CONTROLLABLE)	28,068,683	27,138,000	27,226,100
<u>Financial Accounting Adjustments</u>			
Central Support Charges	5,226,149	4,759,800	4,145,600
Departmental Support Charges	5,163,794	4,965,300	0
Capital Charges	11,451,588	14,235,000	12,943,300
Central Support Income	(283,960)	(260,100)	0
Departmental Support Income	(5,163,794)	(4,965,300)	0
NET ACCOUNTING ADJUSTMENTS	16,393,777	18,734,700	17,088,900
NET EXPENDITURE (ALL BUDGETS)	44,462,460	45,872,700	44,315,000

<u>Variation Analysis</u>		
Original Estimate 2013/14		45,872,700
Inflation		271,300
Changes in Government Grants		(299,000)
Other Government or Outside Body Changes		46,500
Demand Led Growth		700,000
Efficiency Savings		(716,000)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		(1,560,500)
Original Budget 2014/15		44,315,000
<u>Other Information</u>		
Employee FTE's (Budgeted) non schools	394.6*	17.0
Employee FTE's (Budgeted) schools	1,366.1	1,016.0
Employee FTE's (Budgeted) total	1,760.7	1,033.0

* This includes the transfer of 138.6FTE's from Education & Childrens Services, 50.7 FTE's for Sports to Environment & 87.9FTE's to Finance & Corporate Services.

ENVIRONMENT DIRECTORATE

Should you have any queries concerning the Environment Directorate pages please contact:

Nick Greenaway
Principle Finance Manager

Tel: 020 8891 7375

Email: n.greenaway@richmond.gov.uk

REVENUE BUDGET - SUMMARY OF EXPENDITURE

<u>PURPOSE</u>	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
Property Services	227,366	1,752,300	1,600,400
Facilities Management (Inc Health, Safety & Resilience Team)	(2,338,467)	325,900	421,300
Sports, Parks & Open Spaces (Inc Cemeteries)	6,278,338	5,665,700	5,828,000
Planning & Development Services	3,202,945	3,391,800	3,592,500
Regulatory Services	1,684,851	1,647,300	1,579,800
Waste Services	14,942,128	16,981,100	15,934,900
Highways Management	5,347,428	5,431,700	5,602,900
Transport Planning & Safety Education	2,909,179	2,506,700	2,672,200
Parking Services	(5,772,760)	(6,030,900)	(5,761,900)
Transport Fleet Management & Maintenance	46,925	29,000	0
Directorate Management & Support	0	0	0
Total for Environment	<u>26,527,933</u>	<u>31,700,600</u>	<u>31,470,100</u>

Variation Analysis

Original Estimate 2013/14	31,700,600
Inflation	478,500
Changes in Government Grants	0
Other Government or Outside Body Changes	(105,100)
Demand Led Growth	40,000
Budget Review Savings	(585,700)
Investment Priorities	200,000
Other Growth & Savings	0
Budget Transfers	(258,200)
Original Budget 2014/15	<u>31,470,100</u>

SECTION E

ENVIRONMENT DIRECTORATE

SUBJECTIVE ANALYSIS

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	16,530,549	15,503,500	15,979,500
Premises	10,389,123	10,538,100	11,395,200
Transport	1,604,588	2,149,800	2,023,600
Supplies & Services	3,022,790	3,586,500	3,297,500
Third Party Payments	21,518,094	22,005,600	21,453,000
Transfer Payments	0	0	0
Support Services	536,082	421,600	520,900
TOTAL EXPENDITURE	53,601,226	54,205,100	54,669,700
<u>Income</u>			
Government Grants	(238,094)	(78,800)	(122,000)
Other Grants & Contributions	(683,268)	(221,200)	(210,400)
Customer & Client Receipts	(30,401,107)	(27,942,400)	(28,476,900)
TOTAL INCOME	(31,322,469)	(28,242,400)	(28,809,300)
NET EXPENDITURE (CONTROLLABLE)	<u>22,278,757</u>	<u>25,962,700</u>	<u>25,860,400</u>
<u>Financial Accounting Adjustments</u>			
Central Support Charges	8,376,838	7,454,500	7,857,100
Departmental Support Charges	6,302,462	6,302,000	6,077,400
Capital Charges	5,349,134	4,719,400	4,894,300
Central Support Income	(9,476,796)	(6,436,000)	(7,141,700)
Departmental Support Income	(6,302,462)	(6,302,000)	(6,077,400)
NET ACCOUNTING ADJUSTMENTS	4,249,176	5,737,900	5,609,700
NET EXPENDITURE (ALL BUDGETS)	<u>26,527,933</u>	<u>31,700,600</u>	<u>31,470,100</u>

BUDGETED STAFFING FTE'S

	2013/14	2014/15
Number of full time equivalent employees	368*	376.0

* This includes the transfer of 50.7FTE's for Sports from Education & Childrens Services to Environment

SECTION E

ENVIRONMENT DIRECTORATE

PROPERTY SERVICES

Property Services covers every aspect of building related matters; including specialist advice and services on all construction and property matters, and construction project management through the Project Management Office. The Estates Team provide valuation and estate management advice, including disposals and acquisitions, strategic asset management planning, and the taking and granting of leases and licences.

	<u>2012/13</u> <u>Actual</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	923,921	887,000	952,100
Premises	238,888	1,728,900	2,223,100
Transport	7,284	7,600	4,300
Supplies & Services	44,779	61,500	151,000
Third Party Payments	37,323	53,500	34,400
Transfer Payments	0	0	0
Support Services	127,585	100,400	145,900
TOTAL EXPENDITURE	1,379,780	2,838,900	3,510,800
<u>Income</u>			
Government Grants	(19,135)	(7,800)	(7,800)
Other Grants & Contributions	0	0	0
Fees & Charges	(1,032,849)	(960,100)	(1,142,900)
TOTAL INCOME	(1,051,984)	(967,900)	(1,150,700)
NET EXPENDITURE (CONTROLLABLE)	327,796	1,871,000	2,360,100
<u>Financial Accounting Adjustments</u>			
Central Support Charges	252,313	220,600	313,900
Departmental Support Charges	286,906	227,700	170,000
Capital Charges	56,616	60,400	46,800
Central Support Income	(692,034)	(627,400)	(1,290,400)
Departmental Support Income	(4,231)	0	0
NET ACCOUNTING ADJUSTMENTS	(100,430)	(118,700)	(759,700)
NET EXPENDITURE (ALL BUDGETS)	227,366	1,752,300	1,600,400

<u>Variation Analysis</u>		
Original Estimate 2013/14		1,752,300
Inflation		44,300
Changes in Government Grants		0
Other Government or Outside Body Changes		(47,000)
Demand Led Growth		0
Budget Review Savings		(49,800)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		(99,400)
Original Budget 2014/15		1,600,400
<u>Other Information</u>		
Employee FTE's (Budgeted)	16.5	18.0

FACILITIES MANAGEMENT SERVICES (INC HEALTH, SAFETY AND RESILIENCE TEAM)

Facilities Management Services provides support to the Council across a number of areas - Civic Premises Management, Building Maintenance, Building Cleaning, Public Halls, Community Centres, Catering and the Document and Delivery Service. The Council has a Central Depot located at Langhorn Drive which is used as a base for the Council's key operational activities. The Health & Safety Team acts as advisors to the Council, and also delivers duties under the Civil Contingencies Act 2004. The team also responds to emergencies and manages the Council's Emergency Control Centre.

	<u>2012/13</u> <u>Actual</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>
Expenditure			
Employees	1,318,879	1,210,100	1,246,900
Premises	4,190,916	2,986,100	3,042,300
Transport	52,498	38,900	40,100
Supplies & Services	747,830	710,200	659,000
Third Party Payments	584,502	33,600	33,600
Transfer Payments	0	0	0
Support Services	3,944	1,200	4,600
TOTAL EXPENDITURE	6,898,569	4,980,100	5,026,500
Income			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Fees & Charges	(3,576,016)	(2,381,700)	(2,448,000)
TOTAL INCOME	(3,576,016)	(2,381,700)	(2,448,000)
NET EXPENDITURE (CONTROLLABLE)	3,322,553	2,598,400	2,578,500
Financial Accounting Adjustments			
Central Support Charges	820,925	574,000	786,800
Departmental Support Charges	326,444	231,800	290,100
Capital Charges	701,381	788,600	737,900
Central Support Income	(6,928,545)	(3,271,200)	(3,343,800)
Departmental Support Income	(581,225)	(595,700)	(628,200)
NET ACCOUNTING ADJUSTMENTS	(5,661,020)	(2,272,500)	(2,157,200)
NET EXPENDITURE (ALL BUDGETS)	(2,338,467)	325,900	421,300

<u>Variation Analysis</u>	
Original Estimate 2013/14	325,900
Inflation	45,500
Changes in Government Grants	0
Other Government or Outside Body Changes	(47,900)
Demand Led Growth	40,000
Budget Review Savings	(54,000)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	111,800
Original Budget 2014/15	421,300
<u>Other Information</u>	
Employee FTE's (Budgeted)	35.6 35.4

SPORTS, PARKS & OPEN SPACES (INC CEMETERIES)

These services are responsible for 146 parks & open spaces covering a total of 517 hectares. Included in this area are 43 equipped children's playgrounds, the management of over 17,000 street trees & the administration of Tree Preservation Orders. There are 24 allotment sites in the Borough divided into 1,886 individual plots. There are 6 cemeteries open for burial, which cover 36 hectares & over 350 funeral services a year are carried out. The Sports Team objectives are to develop participation in sport, improve standards of performance & improve facilities in conjunction with a range of partners. The team includes sports development, the four sports & fitness centres & the borough's two pools, one of which is run by Springhealth.

	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
	£	£	£
<u>Expenditure</u>			
Employees	2,725,795	2,540,900	2,669,300
Premises	4,107,085	3,806,800	3,852,900
Transport	36,016	40,000	39,200
Supplies & Services	656,279	704,400	722,300
Third Party Payments	839,042	793,000	751,200
Transfer Payments	0	0	0
Support Services	22,441	13,500	26,500
TOTAL EXPENDITURE	8,386,658	7,898,600	8,061,400
<u>Income</u>			
Government Grants	(6,299)	0	(43,200)
Other Grants & Contributions	(87,982)	(93,600)	(93,600)
Fees & Charges	(3,485,327)	(3,337,400)	(3,320,500)
TOTAL INCOME	(3,579,608)	(3,431,000)	(3,457,300)
NET EXPENDITURE (CONTROLLABLE)	4,807,050	4,467,600	4,604,100
<u>Financial Accounting Adjustments</u>			
Central Support Charges	849,248	632,900	635,500
Departmental Support Charges	462,831	467,100	377,700
Capital Charges	550,388	403,900	431,500
Central Support Income	0	0	0
Departmental Support Income	(391,179)	(305,800)	(220,800)
NET ACCOUNTING ADJUSTMENTS	1,471,288	1,198,100	1,223,900
NET EXPENDITURE (ALL BUDGETS)	6,278,338	5,665,700	5,828,000

<u>Variation Analysis</u>	
Original Estimate 2013/14	5,665,700
Inflation	61,400
Changes in Government Grants	0
Other Government or Outside Body Changes	(8,100)
Demand Led Growth	0
Budget Review Savings	(45,900)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	154,900
Original Budget 2014/15	5,828,000
<u>Other Information</u>	
Employee FTE's (Budgeted)	72.5 75.0

SECTION E

ENVIRONMENT DIRECTORATE

PLANNING & DEVELOPMENT SERVICES

This group encompasses Building Control (Inc Land Charges & Land Contamination), Development Control, Land Use Policy & Design, reviewing planning & conservation policies & Initiatives & Economic Development.

	<u>2012/13</u> <u>Actual</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	3,112,747	3,231,000	3,285,100
Premises	9,128	5,100	5,100
Transport	45,117	44,800	48,600
Supplies & Services	690,190	364,500	357,000
Third Party Payments	99,779	334,800	344,900
Transfer Payments	0	0	0
Support Services	196,261	179,800	196,300
TOTAL EXPENDITURE	4,153,222	4,160,000	4,237,000
<u>Income</u>			
Government Grants	(161,421)	(71,000)	(71,000)
Other Grants & Contributions	(584,725)	(124,900)	(114,100)
Fees & Charges	(2,062,531)	(2,063,400)	(2,057,700)
TOTAL INCOME	(2,808,677)	(2,259,300)	(2,242,800)
NET EXPENDITURE (CONTROLLABLE)	1,344,545	1,900,700	1,994,200
<u>Financial Accounting Adjustments</u>			
Central Support Charges	1,179,232	865,200	1,005,300
Departmental Support Charges	1,051,263	926,900	888,200
Capital Charges	405	400	400
Central Support Income	0	0	0
Departmental Support Income	(372,500)	(301,400)	(295,600)
NET ACCOUNTING ADJUSTMENTS	1,858,400	1,491,100	1,598,300
NET EXPENDITURE (ALL BUDGETS)	3,202,945	3,391,800	3,592,500

<u>Variation Analysis</u>	
Original Estimate 2013/14	3,391,800
Inflation	25,700
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(8,200)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	183,200
Original Budget 2014/15	3,592,500
<u>Other Information</u>	
Employee FTE's (Budgeted)	68.0 68.0

REGULATORY SERVICES

Regulatory Services includes Commercial Environmental Health (Food Safety, Workplace Health & Safety, Commercial Noise & Pollution Control & Planning/Licensing Consultation), Trading Standards, Licensing & Special Projects (mainly Air Quality). The Registration Service conducts over 1,100 civil ceremonies at the Registry Office & other approved premises within the Borough, in addition to registering life events & Citizenship services, including the Nationality Checking Service.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	1,418,682	1,326,800	1,337,600
Premises	97,359	104,800	105,600
Transport	24,371	25,800	25,800
Supplies & Services	154,431	270,300	270,300
Third Party Payments	63,670	62,100	62,100
Transfer Payments	0	0	0
Support Services	42,532	40,400	61,200
TOTAL EXPENDITURE	1,801,045	1,830,200	1,862,600
<u>Income</u>			
Government Grants	(1,239)	0	0
Other Grants & Contributions	0	(2,700)	(2,700)
Fees & Charges	(1,047,895)	(954,800)	(1,009,100)
TOTAL INCOME	(1,049,134)	(957,500)	(1,011,800)
NET EXPENDITURE (CONTROLLABLE)	751,911	872,700	850,800
<u>Financial Accounting Adjustments</u>			
Central Support Charges	464,677	371,400	383,900
Departmental Support Charges	447,700	399,200	341,100
Capital Charges	20,563	4,000	4,000
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	932,940	774,600	729,000
NET EXPENDITURE (ALL BUDGETS)	1,684,851	1,647,300	1,579,800

Variation Analysis

Original Estimate 2013/14	1,647,300
Inflation	(30,500)
Changes in Government Grants	0
Other Government or Outside Body Changes	(100)
Demand Led Growth	0
Budget Review Savings	(6,000)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(30,900)
Original Budget 2014/15	1,579,800
<u>Other Information</u>	
Employee FTE's (Budgeted)	29.5
	29.5

SECTION E

ENVIRONMENT DIRECTORATE

WASTE SERVICES

In 2012/13 the Council recycled over 46% of the Borough's domestic waste. It provides a weekly refuse service to approximately 80,000 properties plus a trade collection service, for which a charge is made. Waste Disposal is managed by the West London Waste Authority. Other services undertaken include Street Cleansing, graffiti removal and the management of the Community Toilet Scheme. It also retains cleansing responsibilities for the A316 and A205 which are part of the Transport for London road network.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	761,271	628,500	737,500
Premises	47,944	40,900	40,800
Transport	482,451	539,100	476,200
Supplies & Services	316,847	581,300	278,400
Third Party Payments	14,189,283	15,366,300	14,798,900
Transfer Payments	0	0	0
Support Services	4,134	5,800	7,400
TOTAL EXPENDITURE	15,801,930	17,161,900	16,339,200
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	(1,395)	0	0
Fees & Charges	(4,056,887)	(3,624,100)	(3,774,600)
TOTAL INCOME	(4,058,282)	(3,624,100)	(3,774,600)
NET EXPENDITURE (CONTROLLABLE)	11,743,648	13,537,800	12,564,600
<u>Financial Accounting Adjustments</u>			
Central Support Charges	1,724,964	2,216,900	2,231,400
Departmental Support Charges	1,355,909	1,108,400	1,021,500
Capital Charges	117,607	118,000	117,400
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	3,198,480	3,443,300	3,370,300
NET EXPENDITURE (ALL BUDGETS)	14,942,128	16,981,100	15,934,900

<u>Variation Analysis</u>	
Original Estimate 2013/14	16,981,100
Inflation	231,200
Changes in Government Grants	0
Other Government or Outside Body Changes	(800)
Demand Led Growth	0
Budget Review Savings	(363,900)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(912,700)
Original Budget 2014/15	15,934,900
<u>Other Information</u>	
Employee FTE's (Budgeted)	18.0 22.0

HIGHWAYS MANAGEMENT

Highways Management is responsible for the reactive maintenance and planned improvements of 355km of Borough roads (unclassified), 'B' roads and 49km of Principal roads ('A' roads). It is also responsible for Street Lighting and Highways Structures including bridges.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	863,449	801,100	822,500
Premises	677,441	735,100	735,100
Transport	44,769	28,100	28,600
Supplies & Services	(352,992)	315,800	315,800
Third Party Payments	3,129,163	2,740,200	2,765,000
Transfer Payments	0	0	0
Support Services	24,008	24,400	14,800
TOTAL EXPENDITURE	4,385,838	4,644,700	4,681,800
<u>Income</u>			
Government Grants	(50,000)	0	0
Other Grants & Contributions	(6,666)	0	0
Fees & Charges	(2,371,920)	(2,148,600)	(2,157,600)
TOTAL INCOME	(2,428,586)	(2,148,600)	(2,157,600)
NET EXPENDITURE (CONTROLLABLE)	1,957,252	2,496,100	2,524,200
<u>Financial Accounting Adjustments</u>			
Central Support Charges	296,191	334,200	373,400
Departmental Support Charges	1,721,409	1,564,500	1,490,500
Capital Charges	1,372,576	1,036,900	1,214,800
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	3,390,176	2,935,600	3,078,700
NET EXPENDITURE (ALL BUDGETS)	5,347,428	5,431,700	5,602,900

<u>Variation Analysis</u>	
Original Estimate 2013/14	5,431,700
Inflation	29,200
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(7,700)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	149,700
Original Budget 2014/15	5,602,900
<u>Other Information</u>	
Employee FTE's (Budgeted)	22.0

TRANSPORT PLANNING & SAFETY EDUCATION

Transport Planning covers Traffic Policy & Programmes, Projects & Partnership functions & Traffic Management. Its key roles are delivering on the Borough's transport strategy, securing funding from external sources mainly Transport for London, road safety education, day to day management of traffic, parking in the borough & design & delivery of the Capital Works Programme.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	1,050,729.00	1,100,000	1,163,200
Premises	423.00	0	0
Transport	1,553.00	2,800	2,800
Supplies & Services	16,459.00	39,000	39,000
Third Party Payments	789,941.00	508,300	508,300
Transfer Payments	0.00	0	0
Support Services	48,062.00	9,600	6,600
TOTAL EXPENDITURE	1,907,167.00	1,659,700	1,719,900
<u>Income</u>			
Government Grants	0.00	0	0
Other Grants & Contributions	-2,500.00	0	0
Fees & Charges	-857,108.00	(680,900)	(688,100)
TOTAL INCOME	-859,608.00	(680,900)	(688,100)
NET EXPENDITURE (CONTROLLABLE)	1,047,559.00	978,800	1,031,800
<u>Financial Accounting Adjustments</u>			
Central Support Charges	223,106.00	158,300	231,000
Departmental Support Charges	225,588.00	176,000	192,300
Capital Charges	1,558,910.00	1,375,100	1,399,100
Central Support Income	0.00	0	0
Departmental Support Income	-145,984.00	(181,500)	(182,000)
NET ACCOUNTING ADJUSTMENTS	1,861,620.00	1,527,900	1,640,400
NET EXPENDITURE (ALL BUDGETS)	2,909,179.00	2,506,700	2,672,200

Variation Analysis

Original Estimate 2013/14	2,506,700
Inflation	(4,800)
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(800)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	171,100
Original Budget 2014/15	2,672,200
<u>Other Information</u>	
Employee FTE's (Budgeted)	18.9 19.9

SECTION E

ENVIRONMENT DIRECTORATE

PARKING SERVICES

Parking Services administer 28 car parks containing 2,700 spaces & 37 Controlled Parking Zones. The Parking Enforcement Team processes penalty charge notices issued under prevailing legislation, administers & issues parking permits & manages the parking enforcement contractor.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	853,781	0	0
Premises	1,016,342	1,126,400	1,386,300
Transport	689	0	0
Supplies & Services	527,184	339,300	333,900
Third Party Payments	1,746,333	2,113,100	2,153,900
Transfer Payments	0	0	0
Support Services	8,769	18,200	7,400
TOTAL EXPENDITURE	4,153,098	3,597,000	3,881,500
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Fees & Charges	(11,323,793)	(11,448,800)	(11,535,100)
TOTAL INCOME	(11,323,793)	(11,448,800)	(11,535,100)
NET EXPENDITURE (CONTROLLABLE)	(7,170,695)	(7,851,800)	(7,653,600)
<u>Financial Accounting Adjustments</u>			
Central Support Charges	831,450	479,300	544,200
Departmental Support Charges	225,485	1,005,800	1,010,400
Capital Charges	341,000	335,800	337,100
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	1,397,935	1,820,900	1,891,700
NET EXPENDITURE (ALL BUDGETS)	(5,772,760)	(6,030,900)	(5,761,900)

<u>Variation Analysis</u>	
Original Estimate 2013/14	(6,030,900)
Inflation	65,200
Changes in Government Grants	0
Other Government or Outside Body Changes	(1,200)
Demand Led Growth	0
Budget Review Savings	(45,300)
Investment Priorities	200,000
Other Growth & Savings	0
Budget Transfers	50,300
Original Budget 2014/15	(5,761,900)
<u>Other Information</u>	
Employee FTE's (Budgeted)	0.0 0.0

SECTION E

TRANSPORT FLEET MANAGEMENT & MAINTENANCE

The Transport Services Section provides a complete range of vehicle provision to all services within the Council. The Transport Workshop carries out maintenance & repairs to the Council's fleet consisting of 85 vehicles & currently provides class 4,5 & 7 MOT's to the public & contractors.

	<u>2012/13</u> <u>Actual</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	331,234	333,900	334,400
Premises	3,566	4,000	4,000
Transport	862,533	1,389,000	1,329,800
Supplies & Services	28,613	72,800	52,800
Third Party Payments	8,664	700	700
Transfer Payments	0	0	0
Support Services	0	0	0
TOTAL EXPENDITURE	1,234,610	1,800,400	1,721,700
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Fees & Charges	(253,258)	(97,700)	(98,400)
TOTAL INCOME	(253,258)	(97,700)	(98,400)
NET EXPENDITURE (CONTROLLABLE)	981,352	1,702,700	1,623,300
<u>Financial Accounting Adjustments</u>			
Central Support Charges	102,975	82,500	16,100
Departmental Support Charges	189,127	184,900	262,800
Capital Charges	629,688	596,300	605,300
Central Support Income	(1,856,217)	(2,537,400)	(2,507,500)
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	(934,427)	(1,673,700)	(1,623,300)
NET EXPENDITURE (ALL BUDGETS)	46,925	29,000	0

<u>Variation Analysis</u>		
Original Estimate 2013/14		29,000
Inflation		1,600
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(1,400)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		(29,200)
Original Budget 2014/15		0
<u>Other Information</u>		
Employee FTE's (Budgeted)	8.0	8.0

SECTION E

ENVIRONMENT DIRECTORATE

DIRECTORATE MANAGEMENT & SUPPORT

These budgets incorporate management, finance & general administrative support for the Environment Directorate via admin hubs & technical staff whose duties cover more than one service.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
Expenditure			
Employees	3,170,061	3,444,200	3,430,900
Premises	31	0	0
Transport	47,307	33,700	28,200
Supplies & Services	193,170	127,400	118,000
Third Party Payments	30,394	0	0
Transfer Payments	0	0	0
Support Services	58,346	28,300	50,200
TOTAL EXPENDITURE	3,499,309	3,633,600	3,627,300
Income			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Fees & Charges	(333,523)	(244,900)	(244,900)
TOTAL INCOME	(333,523)	(244,900)	(244,900)
NET EXPENDITURE (CONTROLLABLE)	3,165,786	3,388,700	3,382,400
Financial Accounting Adjustments			
Central Support Charges	1,631,757	1,519,200	1,335,600
Departmental Support Charges	9,800	9,700	32,800
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	(4,807,343)	(4,917,600)	(4,750,800)
NET ACCOUNTING ADJUSTMENTS	(3,165,786)	(3,388,700)	(3,382,400)
NET EXPENDITURE (ALL BUDGETS)	0	0	0

Variation Analysis

Original Estimate 2013/14	0
Inflation	9,700
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(2,700)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(7,000)
Original Budget 2014/15	0
<u>Other Information</u>	
Employee FTE's (Budgeted)	79.0 78.2

ADULT & COMMUNITY SERVICES

Should you have any queries concerning the Adult & Community Services pages please contact:

Brian Blenman
Principal Finance Manager

Tel: 020 8891 7205

b.blenman@richmond.gov.uk

SUMMARY BY SERVICE AREA

<u>PURPOSE</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Commissioning Care Services Management	0	0	0
Care Management	6,301,365	6,014,500	6,394,900
Care Services - Older People & Physical Disabilities	16,857,676	21,770,400	19,989,500
Care Services - Adults with Learning Disabilities	6,706,906	16,250,700	17,064,300
Care Services - Mental Health	4,636,680	4,786,000	4,792,500
Careline	735,599	789,500	781,800
Other Commissioned Services - Adult Social Care	1,128,849	1,551,200	1,494,400
Performance & Quality Assurance	24,368	0	0
Community Services Operations Management	213,003	190,100	0
Housing Advice & Assessment	1,392,926	1,323,600	1,276,900
Resettlement Service	188,569	212,600	203,200
Temporary Accommodation	4,214,371	4,270,000	5,324,800
Private Sector & Other Housing	2,384,700	2,527,000	2,985,600
Care Provision - Learning Disabilities	5,400,822	4,454,200	3,595,600
Care Provision - Older People & Physical Disabilities	2,298,472	2,018,200	2,168,400
Transport Operations	0	353,100	464,500
Accessible Transport Unit	7,275,748	8,058,300	8,223,000
Commissioning Corp. Policy & Strategy Management	0	0	0
Accountability & Engagement	874,334	676,900	1,074,200
Partnerships & Planning	1,430,433	1,408,800	1,358,300
Grants to Voluntary Organisations	1,641,280	1,050,600	973,900
Corporate Procurement	0	0	0
Corporate Equality & Diversity	0	0	0
Corporate Communications	0	0	0
Rent Allowances	(465,001)	(38,000)	(38,000)
Supported Housing Services	2,876,659	2,612,400	2,676,900
Direct Management & Finance	314,069	835,200	720,700
Joint Commissioning Collaborative Team	(447,024)	0	0
Public Health	156,622	0	95,900
Total Adult & Community Services Directorate	66,141,426	81,115,300	81,621,300

<u>Variation Analysis</u>	
Original Estimate 2013/14	81,115,300
Inflation	1,366,300
Changes in Government Grants	0
Other Government or Outside Body Changes	(10,300)
Demand Led Growth	0
Budget Review Savings	(2,097,700)
Investment Priorities	0
Other Growth & Savings	59,000
Budget Transfers	1,188,700
Original Budget 2014/15	81,621,300

SECTION F

ADULT & COMMUNITY SERVICES

SUBJECTIVE ANALYSIS

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	23,583,657	23,898,800	24,012,400
Premises	2,356,316	1,950,100	1,974,200
Transport	1,481,754	1,416,000	1,260,900
Supplies & Services	5,439,487	8,341,500	5,200,300
Third Party Payments	53,645,272	58,776,700	62,167,700
Transfer Payments	73,772,777	74,881,600	77,911,900
Support Services	359,310	353,200	356,100
TOTAL EXPENDITURE	160,638,573	169,617,900	172,883,500
<u>Income</u>			
Government Grants	(76,387,454)	(73,692,500)	(76,949,500)
Other Grants & Contributions	(8,148,913)	(5,524,000)	(5,912,000)
Customer & Client Receipts	(20,153,884)	(18,842,100)	(18,861,500)
TOTAL INCOME	(104,690,251)	(98,058,600)	(101,723,000)
NET EXPENDITURE (CONTROLLABLE)	55,948,322	71,559,300	71,160,500
<u>Financial Accounting Adjustments</u>			
Central Support Charges	7,459,039	6,577,100	6,956,700
Departmental Support Charges	8,690,099	8,315,800	8,115,500
Capital Charges	4,966,305	5,211,300	5,917,600
Central Support Income	(2,232,240)	(2,232,400)	(2,413,500)
Departmental Support Income	(8,690,099)	(8,315,800)	(8,115,500)
NET ACCOUNTING ADJUSTMENTS	10,193,104	9,556,000	10,460,800
NET EXPENDITURE (ALL BUDGETS)	66,141,426	81,115,300	81,621,300

BUDGETED STAFFING FTE'S

	2013/14	2014/15
Number of full time equivalent employees	609.6	586.0

SECTION F

ADULT & COMMUNITY SERVICES

COMMISSIONING CARE SERVICES DIVISIONAL MANAGEMENT

This includes the management costs of the Commissioning Care Services Division, recharged to services within the division.

	<u>2012/13</u> <u>Actual</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	414,174	638,400	651,100
Premises	91,306	57,500	0
Transport	738	800	800
Supplies & Services	(102,329)	549,300	18,900
Third Party Payments	69,810	50,000	0
Transfer Payments	0	0	0
Support Services	26,998	29,900	7,400
TOTAL EXPENDITURE	500,697	1,325,900	678,200
<u>Income</u>			
Government Grants	(141,500)	0	0
Other Grants & Contributions	(393,893)	(513,200)	(23,200)
Customer & Client Receipts	0	0	0
TOTAL INCOME	(535,393)	(513,200)	(23,200)
NET EXPENDITURE (CONTROLLABLE)	(34,696)	812,700	655,000
<u>Financial Accounting Adjustments</u>			
Central Support Charges	101,579	93,600	98,100
Departmental Support Charges	231,512	223,500	226,400
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	(298,395)	(1,129,800)	(979,500)
NET ACCOUNTING ADJUSTMENTS	34,696	(812,700)	(655,000)
NET EXPENDITURE (ALL BUDGETS)	0	0	0

<u>Variation Analysis</u>		
Original Estimate 2013/14		0
Inflation		12,100
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(13,400)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		1,300
Original Budget 2014/15		0
<u>Other Information</u>		
Employee FTE's (Budgeted)	7.0	6.0

SECTION F

ADULT & COMMUNITY SERVICES

CARE MANAGEMENT

This provides statutory assessment, Care Management, Occupational Therapy & Safeguarding Services for Adults & Older People.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	3,981,500	3,769,300	4,025,100
Premises	76,332	60,000	172,200
Transport	60,198	55,600	53,800
Supplies & Services	148,032	108,400	558,400
Third Party Payments	1,437	0	50,000
Transfer Payments	16,560	6,900	6,900
Support Services	38,519	29,200	40,900
TOTAL EXPENDITURE	4,322,578	4,029,400	4,907,300
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	(12,985)	0	(495,700)
Customer & Client Receipts	(363,816)	(311,600)	(311,600)
TOTAL INCOME	(376,801)	(311,600)	(807,300)
NET EXPENDITURE (CONTROLLABLE)	3,945,777	3,717,800	4,100,000
<u>Financial Accounting Adjustments</u>			
Central Support Charges	1,105,696	961,600	1,014,500
Departmental Support Charges	1,248,885	1,334,100	1,279,400
Capital Charges	1,007	1,000	1,000
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	2,355,588	2,296,700	2,294,900
NET EXPENDITURE (ALL BUDGETS)	6,301,365	6,014,500	6,394,900

<u>Variation Analysis</u>	
Original Estimate 2013/14	6,014,500
Inflation	11,500
Changes in Government Grants	0
Other Government or Outside Body Changes	8,800
Demand Led Growth	0
Budget Review Savings	(2,400)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	362,500
Original Budget 2014/15	6,394,900
<u>Other Information</u>	
Employee FTE's (Budgeted)	92.6 99.1

SECTION F

ADULT & COMMUNITY SERVICES

CARE SERVICES - OLDER PEOPLE & PHYSICAL DISABILITIES

This budget covers independent sector provision of care services for older people & physical disabilities including residential & nursing care, direct payments, equipment/minor adaptations, meals, domiciliary care & short breaks for carers.

	<u>2012/13</u> <u>Actual</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	1,242,584	1,078,700	853,300
Premises	34,159	1,000	1,000
Transport	190,379	84,200	84,200
Supplies & Services	66,212	2,573,900	266,700
Third Party Payments	22,217,730	22,523,300	23,001,900
Transfer Payments	4,007,876	4,965,900	4,347,400
Support Services	61	1,800	100
TOTAL EXPENDITURE	27,759,001	31,228,800	28,554,600
<u>Income</u>			
Government Grants	(852,225)	(855,500)	(855,500)
Other Grants & Contributions	(5,388,726)	(3,499,800)	(2,500,000)
Customer & Client Receipts	(7,347,042)	(7,553,400)	(7,512,400)
TOTAL INCOME	(13,587,993)	(11,908,700)	(10,867,900)
NET EXPENDITURE (CONTROLLABLE)	14,171,008	19,320,100	17,686,700
<u>Financial Accounting Adjustments</u>			
Central Support Charges	354,631	375,800	315,200
Departmental Support Charges	2,010,735	1,752,600	1,666,000
Capital Charges	321,302	321,900	321,600
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	2,686,668	2,450,300	2,302,800
NET EXPENDITURE (ALL BUDGETS)	16,857,676	21,770,400	19,989,500

<u>Variation Analysis</u>	
Original Estimate 2013/14	21,770,400
Inflation	495,000
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(1,302,900)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(973,000)
Original Budget 2014/15	19,989,500
<u>Other Information</u>	
Employee FTE's (Budgeted)	33.6 27.1

SECTION F

ADULT & COMMUNITY SERVICES

CARE SERVICES - ADULTS WITH LEARNING DISABILITIES

This budget covers independent sector provision of care services for adults with learning disabilities including residential & nursing care, direct payments, day support services, supported accommodation & short breaks for carers.

	<u>2012/13</u> <u>Actual</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	136,098	160,600	0
Premises	184,322	210,000	196,800
Transport	159,230	177,500	175,000
Supplies & Services	26,745	10,500	23,800
Third Party Payments	14,341,552	13,742,600	14,617,700
Transfer Payments	1,289,434	2,208,900	2,271,200
Support Services	0	100	0
TOTAL EXPENDITURE	16,137,381	16,510,200	17,284,500
<u>Income</u>			
Government Grants	(8,991,570)	0	0
Other Grants & Contributions	(130,404)	(53,000)	(553,000)
Customer & Client Receipts	(1,209,053)	(1,359,900)	(973,700)
TOTAL INCOME	(10,331,027)	(1,412,900)	(1,526,700)
NET EXPENDITURE (CONTROLLABLE)	5,806,354	15,097,300	15,757,800
<u>Financial Accounting Adjustments</u>			
Central Support Charges	323,584	303,100	200,700
Departmental Support Charges	576,968	850,300	1,105,800
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	900,552	1,153,400	1,306,500
NET EXPENDITURE (ALL BUDGETS)	6,706,906	16,250,700	17,064,300

<u>Variation Analysis</u>		
Original Estimate 2013/14		16,250,700
Inflation		280,700
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(100)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		533,000
Original Budget 2014/15		17,064,300
<u>Other Information</u>		
Employee FTE's (Budgeted)	4.6	0.0

SECTION F

ADULT & COMMUNITY SERVICES

CARE SERVICES - PEOPLE WITH MENTAL HEALTH NEEDS

This budget covers integrated mental health services managed by South West London & St. George's Mental Health Trust & independent sector provision of care services for adults under 65 with mental health needs.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	1,669,196	1,611,400	1,653,200
Premises	156,601	129,300	129,300
Transport	21,031	25,200	25,200
Supplies & Services	102,578	247,700	250,700
Third Party Payments	3,051,166	2,955,400	3,176,300
Transfer Payments	164,160	140,200	146,000
Support Services	4,281	900	1,400
TOTAL EXPENDITURE	5,169,013	5,110,100	5,382,100
<u>Income</u>			
Government Grants	0	(25,600)	(28,600)
Other Grants & Contributions	(1,056,498)	(828,700)	(968,700)
Customer & Client Receipts	(400,106)	(509,600)	(518,600)
TOTAL INCOME	(1,456,604)	(1,363,900)	(1,515,900)
NET EXPENDITURE (CONTROLLABLE)	3,712,409	3,746,200	3,866,200
<u>Financial Accounting Adjustments</u>			
Central Support Charges	243,019	337,200	291,800
Departmental Support Charges	631,920	647,100	582,700
Capital Charges	49,332	55,500	51,800
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	924,271	1,039,800	926,300
NET EXPENDITURE (ALL BUDGETS)	4,636,680	4,786,000	4,792,500

<u>Variation Analysis</u>		
Original Estimate 2013/14		4,786,000
Inflation		42,800
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(5,900)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		(30,400)
Original Budget 2014/15		4,792,500
<u>Other Information</u>		
Employee FTE's (Budgeted)	44.9	44.9

SECTION F

ADULT & COMMUNITY SERVICES

CARELINE

Careline provides monitoring of community alarms & telecare sensors for the elderly & vulnerable & also provides messaging services out of hours for the Council & other partnership agencies. The service also monitors the Council's Closed Circuit Television Cameras across the Borough.

	<u>2012/13</u> <u>Actual</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	639,271	681,900	692,900
Premises	27,059	28,700	28,700
Transport	19,332	15,400	15,400
Supplies & Services	272,304	283,500	283,500
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	0	0	0
TOTAL EXPENDITURE	957,966	1,009,500	1,020,500
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(526,236)	(516,900)	(516,900)
TOTAL INCOME	(526,236)	(516,900)	(516,900)
NET EXPENDITURE (CONTROLLABLE)	431,730	492,600	503,600
<u>Financial Accounting Adjustments</u>			
Central Support Charges	196,256	152,000	149,800
Departmental Support Charges	107,613	144,900	128,400
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	303,869	296,900	278,200
NET EXPENDITURE (ALL BUDGETS)	735,599	789,500	781,800

<u>Variation Analysis</u>	
Original Estimate 2013/14	789,500
Inflation	13,600
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(7,000)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(14,300)
Original Budget 2014/15	781,800
<u>Other Information</u>	
Employee FTE's (Budgeted)	15.0 15.0

SECTION F

ADULT & COMMUNITY SERVICES

OTHER COMMISSIONED SERVICES - ADULT SOCIAL CARE

A range of universal & preventative adult services commissioned in partnership with health partners. Services include Community Independent Living Services, the Carers Hub, Advocacy, Home Maintenance, Information & Advice, Community Capacity, Community Support & Outreach services.

	<u>2012/13</u> <u>Actual</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	20	0	0
Premises	0	0	0
Transport	18	0	0
Supplies & Services	293,685	0	288,000
Third Party Payments	892,924	1,880,200	2,026,100
Transfer Payments	22,622	0	0
Support Services	0	0	0
TOTAL EXPENDITURE	1,209,269	1,880,200	2,314,100
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	0	(277,100)	(865,100)
Customer & Client Receipts	(174,359)	(170,200)	(170,200)
TOTAL INCOME	(174,359)	(447,300)	(1,035,300)
NET EXPENDITURE (CONTROLLABLE)	1,034,910	1,432,900	1,278,800
<u>Financial Accounting Adjustments</u>			
Central Support Charges	21,545	38,700	132,300
Departmental Support Charges	72,394	79,600	83,300
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	93,939	118,300	215,600
NET EXPENDITURE (ALL BUDGETS)	1,128,849	1,551,200	1,494,400

<u>Variation Analysis</u>		
Original Estimate 2013/14		1,551,200
Inflation		12,300
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(300,000)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		230,900
Original Budget 2014/15		1,494,400
<u>Other Information</u>		
Employee FTE's (Budgeted)	0.0	0.0

SECTION F

ADULT & COMMUNITY SERVICES

PERFORMANCE & QUALITY ASSURANCE

This team supports the IT systems used by the ACS Directorate & manages the collation of performance information for management & statutory purposes across the Directorate. It also undertakes contract monitoring quality assurance for Commissioned Adult Social Care Services.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	764,203	780,100	815,600
Premises	185	0	0
Transport	367	1,300	1,300
Supplies & Services	440,234	409,600	263,000
Third Party Payments	118,000	102,900	102,900
Transfer Payments	0	0	0
Support Services	0	0	0
TOTAL EXPENDITURE	1,322,989	1,293,900	1,182,800
<u>Income</u>			
Government Grants	(21,500)	(76,100)	(75,700)
Other Grants & Contributions	(20,000)	0	0
Customer & Client Receipts	0	0	0
TOTAL INCOME	(41,500)	(76,100)	(75,700)
NET EXPENDITURE (CONTROLLABLE)	1,281,489	1,217,800	1,107,100
<u>Financial Accounting Adjustments</u>			
Central Support Charges	285,502	212,400	208,400
Departmental Support Charges	121,318	93,600	83,100
Capital Charges	24,367	0	0
Central Support Income	0	0	0
Departmental Support Income	(1,688,308)	(1,523,800)	(1,398,600)
NET ACCOUNTING ADJUSTMENTS	(1,257,121)	(1,217,800)	(1,107,100)
NET EXPENDITURE (ALL BUDGETS)	24,368	0	0

Variation Analysis**Original Estimate 2013/14**

Inflation	13,500
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(6,000)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(7,500)
Original Budget 2014/15	0

Other Information

Employee FTE's (Budgeted)	18.2	18.2
---------------------------	------	------

SECTION F

ADULT & COMMUNITY SERVICES

COMMUNITY SERVICES OPERATIONS MANAGEMENT

This includes the management support for the Community Services Operations Division which are recharged across the division.

	<u>2012/13</u> <u>Actual</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	243,548	234,400	235,400
Premises	0	0	0
Transport	447	500	500
Supplies & Services	4,889	1,000	1,000
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	3,102	5,800	3,600
TOTAL EXPENDITURE	251,986	241,700	240,500
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(2,348)	0	0
TOTAL INCOME	(2,348)	0	0
NET EXPENDITURE (CONTROLLABLE)	249,638	241,700	240,500
<u>Financial Accounting Adjustments</u>			
Central Support Charges	66,562	59,700	53,500
Departmental Support Charges	81,360	70,700	69,300
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	(184,557)	(182,000)	(363,300)
NET ACCOUNTING ADJUSTMENTS	(36,635)	(51,600)	(240,500)
NET EXPENDITURE (ALL BUDGETS)	213,003	190,100	0

<u>Variation Analysis</u>		
Original Estimate 2013/14		190,100
Inflation		0
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		0
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		(190,100)
Original Budget 2014/15		0
<u>Other Information</u>		
Employee FTE's (Budgeted)	3.0	3.0

SECTION F

ADULT & COMMUNITY SERVICES

HOUSING ADVICE & ASSESSMENT

This team provides advice to tenants, landlords, those who are threatened with eviction or unable to pay their rent or mortgage & to those who have problems with a member of their household & those fleeing domestic violence or suffering other problems.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	793,340	736,300	720,100
Premises	41,326	8,800	8,800
Transport	16,249	14,500	14,500
Supplies & Services	30,229	179,600	130,000
Third Party Payments	0	0	0
Transfer Payments	76,256	141,200	141,200
Support Services	114,396	82,500	106,500
TOTAL EXPENDITURE	1,071,796	1,162,900	1,121,100
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(54,109)	(130,600)	(130,600)
TOTAL INCOME	(54,109)	(130,600)	(130,600)
NET EXPENDITURE (CONTROLLABLE)	1,017,687	1,032,300	990,500
<u>Financial Accounting Adjustments</u>			
Central Support Charges	251,411	186,000	190,400
Departmental Support Charges	123,828	105,300	96,000
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	375,239	291,300	286,400
NET EXPENDITURE (ALL BUDGETS)	1,392,926	1,323,600	1,276,900

Variation Analysis

Original Estimate 2013/14	1,323,600
Inflation	200
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(4,400)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(42,500)
Original Budget 2014/15	1,276,900
<u>Other Information</u>	
Employee FTE's (Budgeted)	19.3 18.8

SECTION F

ADULT & COMMUNITY SERVICES

RESETTLEMENT SERVICE

The Resettlement Service provides emotional & practical support to clients of all ages who are vulnerable as a result of mental health, learning or physical disabilities. The team works with them & supports them when moving into temporary or permanent accommodation.

	<u>2012/13</u> <u>Actual</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	252,074	244,600	246,700
Premises	0	0	0
Transport	12,865	14,300	13,400
Supplies & Services	12,677	80,300	80,300
Third Party Payments	38	9,000	0
Transfer Payments	1,784	0	0
Support Services	0	5,800	2,000
TOTAL EXPENDITURE	279,438	354,000	342,400
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(211,259)	(228,200)	(228,200)
TOTAL INCOME	(211,259)	(228,200)	(228,200)
NET EXPENDITURE (CONTROLLABLE)	68,179	125,800	114,200
<u>Financial Accounting Adjustments</u>			
Central Support Charges	88,027	62,700	65,200
Departmental Support Charges	32,363	24,100	23,800
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	120,390	86,800	89,000
NET EXPENDITURE (ALL BUDGETS)	188,569	212,600	203,200

<u>Variation Analysis</u>	
Original Estimate 2013/14	212,600
Inflation	2,100
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(2,200)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(9,300)
Original Budget 2014/15	203,200
<u>Other Information</u>	
Employee FTE's (Budgeted)	6.5 6.5

SECTION F

ADULT & COMMUNITY SERVICES

TEMPORARY ACCOMMODATION

The Temporary Accommodation Team lease properties from private sector landlords & procure bed & breakfast accommodation for use as temporary accommodation for people who approach the Council as homeless. In addition, the team manage three hostels located in the Borough.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	457,420	501,200	523,400
Premises	335,779	224,000	216,200
Transport	4,370	10,000	11,800
Supplies & Services	351,266	511,900	513,900
Third Party Payments	0	0	0
Transfer Payments	2,945,556	2,290,400	3,281,800
Support Services	3,548	7,100	6,800
TOTAL EXPENDITURE	4,097,939	3,544,600	4,553,900
<u>Income</u>			
Government Grants	(600,000)	0	0
Other Grants & Contributions	(30,000)	0	0
Customer & Client Receipts	(2,963,277)	(2,705,200)	(2,984,600)
TOTAL INCOME	(3,593,277)	(2,705,200)	(2,984,600)
NET EXPENDITURE (CONTROLLABLE)	504,662	839,400	1,569,300
<u>Financial Accounting Adjustments</u>			
Central Support Charges	216,541	159,200	185,800
Departmental Support Charges	230,502	184,600	198,700
Capital Charges	3,262,666	3,086,800	3,371,000
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	3,709,709	3,430,600	3,755,500
NET EXPENDITURE (ALL BUDGETS)	4,214,371	4,270,000	5,324,800

Variation Analysis

Original Estimate 2013/14	4,270,000
Inflation	218,900
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(12,500)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	848,400
Original Budget 2014/15	5,324,800
<u>Other Information</u>	
Employee FTE's (Budgeted)	11.3 11.8

SECTION F

ADULT & COMMUNITY SERVICES

PRIVATE SECTOR & OTHER HOUSING

The Private Sector Housing Team deals with environmental health, including the provision of grants & loans to adapt & improve homes as well as domestic noise & pest control services.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	689,708	637,000	623,200
Premises	45,104	22,700	22,700
Transport	18,401	18,200	18,200
Supplies & Services	286,845	82,600	82,600
Third Party Payments	20,847	40,200	40,200
Transfer Payments	0	0	0
Support Services	2,965	500	3,000
TOTAL EXPENDITURE	1,063,870	801,200	789,900
<u>Income</u>			
Government Grants	(34,938)	0	0
Other Grants & Contributions	(22,832)	(31,000)	(31,000)
Customer & Client Receipts	(207,899)	(189,000)	(189,000)
TOTAL INCOME	(265,669)	(220,000)	(220,000)
NET EXPENDITURE (CONTROLLABLE)	798,201	581,200	569,900
<u>Financial Accounting Adjustments</u>			
Central Support Charges	179,260	162,400	167,800
Departmental Support Charges	252,691	229,200	227,900
Capital Charges	1,154,548	1,554,200	2,020,000
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	1,586,499	1,945,800	2,415,700
NET EXPENDITURE (ALL BUDGETS)	2,384,700	2,527,000	2,985,600

<u>Variation Analysis</u>		
Original Estimate 2013/14		2,527,000
Inflation		(700)
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(1,800)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		461,100
Original Budget 2014/15		2,985,600
<u>Other Information</u>		
Employee FTE's (Budgeted)	15.1	14.4

SECTION F

ADULT & COMMUNITY SERVICES

CARE PROVISION - LEARNING DISABILITIES

This section manages the in-house learning disability care provision including residential homes, supported living services, respite care, & the shared lives scheme.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	3,847,279	3,312,100	2,741,300
Premises	423,495	259,900	233,300
Transport	192,343	246,200	38,000
Supplies & Services	232,705	6,300	188,800
Third Party Payments	24,543	9,200	9,200
Transfer Payments	0	0	0
Support Services	5,896	0	6,800
TOTAL EXPENDITURE	4,726,261	3,833,700	3,217,400
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	(113,194)	(128,600)	(135,000)
Customer & Client Receipts	(615,849)	(325,300)	(255,900)
TOTAL INCOME	(729,043)	(453,900)	(390,900)
NET EXPENDITURE (CONTROLLABLE)	3,997,218	3,379,800	2,826,500
<u>Financial Accounting Adjustments</u>			
Central Support Charges	511,488	407,600	328,500
Departmental Support Charges	1,333,444	840,100	669,600
Capital Charges	41,494	71,300	38,800
Central Support Income	0	0	0
Departmental Support Income	(482,822)	(244,600)	(267,800)
NET ACCOUNTING ADJUSTMENTS	1,403,604	1,074,400	769,100
NET EXPENDITURE (ALL BUDGETS)	5,400,822	4,454,200	3,595,600

<u>Variation Analysis</u>	
Original Estimate 2013/14	4,454,200
Inflation	(5,000)
Changes in Government Grants	0
Other Government or Outside Body Changes	(100)
Demand Led Growth	0
Budget Review Savings	(234,200)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(619,300)
Original Budget 2014/15	3,595,600
<u>Other Information</u>	
Employee FTE's (Budgeted)	95.0 72.6

SECTION F

ADULT & COMMUNITY SERVICES

CARE PROVISION - OLDER PEOPLE & PHYSICAL DISABILITIES

This section manages the two intensive day care centres for older people & the Access Project, a day centre for adults with physical disabilities.

	<u>2012/13</u> <u>Actual</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	898,412	868,900	894,400
Premises	92,102	51,300	51,300
Transport	657,156	600,400	549,000
Supplies & Services	90,862	50,400	46,000
Third Party Payments	156,520	150,300	150,300
Transfer Payments	0	0	0
Support Services	41	3,800	0
TOTAL EXPENDITURE	1,895,093	1,725,100	1,691,000
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(82,004)	(84,100)	(84,100)
TOTAL INCOME	(82,004)	(84,100)	(84,100)
NET EXPENDITURE (CONTROLLABLE)	1,813,089	1,641,000	1,606,900
<u>Financial Accounting Adjustments</u>			
Central Support Charges	169,052	106,200	148,300
Departmental Support Charges	241,681	197,900	335,700
Capital Charges	74,650	73,100	77,500
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	485,383	377,200	561,500
NET EXPENDITURE (ALL BUDGETS)	2,298,472	2,018,200	2,168,400

Variation Analysis

Original Estimate 2013/14	2,018,200
Inflation	3,900
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(1,100)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	147,400
Original Budget 2014/15	2,168,400
<u>Other Information</u>	
Employee FTE's (Budgeted)	24.4

SECTION F

ADULT & COMMUNITY SERVICES

TRANSPORT OPERATIONS

Transport Operations manage & co-ordinate passenger transport services for children with special educational needs & Adult Social Care Services, including day centre transport.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	1,670,822	1,755,900	1,755,400
Premises	58,463	56,600	73,500
Transport	99,060	109,100	195,500
Supplies & Services	55,284	57,000	57,000
Third Party Payments	2,086,432	1,413,300	1,413,300
Transfer Payments	561	0	0
Support Services	0	400	0
TOTAL EXPENDITURE	3,970,622	3,392,300	3,494,700
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(4,671,601)	(3,831,500)	(3,831,500)
TOTAL INCOME	(4,671,601)	(3,831,500)	(3,831,500)
NET EXPENDITURE (CONTROLLABLE)	(700,979)	(439,200)	(336,800)
<u>Financial Accounting Adjustments</u>			
Central Support Charges	572,056	670,900	711,600
Departmental Support Charges	128,923	121,400	89,700
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	700,979	792,300	801,300
NET EXPENDITURE (ALL BUDGETS)	0	353,100	464,500

Variation Analysis

Original Estimate 2013/14	353,100
Inflation	(14,000)
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(1,400)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	126,800
Original Budget 2014/15	464,500
<u>Other Information</u>	
Employee FTE's (Budgeted)	65.6
	65.6

SECTION F

ADULT & COMMUNITY SERVICES

ACCESSIBLE TRANSPORT UNIT

The Accessible Transport Unit manages the Concessionary Fares, Disabled Person's Blue Badge, Taxi Card & the Super Shopper schemes.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	177,051	206,700	207,800
Premises	23,880	16,600	16,700
Transport	8,290	21,300	20,100
Supplies & Services	11,159	59,500	59,500
Third Party Payments	7,011,267	7,635,600	7,820,500
Transfer Payments	0	0	0
Support Services	3,645	800	4,200
TOTAL EXPENDITURE	7,235,292	7,940,500	8,128,800
<u>Income</u>			
Government Grants	(53,200)	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(17,924)	(3,500)	(3,500)
TOTAL INCOME	(71,124)	(3,500)	(3,500)
NET EXPENDITURE (CONTROLLABLE)	7,164,168	7,937,000	8,125,300
<u>Financial Accounting Adjustments</u>			
Central Support Charges	80,094	80,700	72,800
Departmental Support Charges	31,486	30,900	24,900
Capital Charges	0	9,700	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	111,580	121,300	97,700
NET EXPENDITURE (ALL BUDGETS)	7,275,748	8,058,300	8,223,000

<u>Variation Analysis</u>		
Original Estimate 2013/14		8,058,300
Inflation		184,300
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(1,500)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		(18,100)
Original Budget 2014/15		8,223,000
<u>Other Information</u>		
Employee FTE's (Budgeted)	6.2	6.2

SECTION F

ADULT & COMMUNITY SERVICES

COMMISSIONING, CORPORATE POLICY & STRATEGY DIVISIONAL MANAGEMENT

This includes the management & other centrally held costs of the Commissioning, Corporate Policy & Strategy Division.

	<u>2012/13</u> <u>Actual</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	172,535	172,300	171,500
Premises	175	0	0
Transport	323	400	400
Supplies & Services	25,553	2,200	2,200
Third Party Payments	0	0	0
Transfer Payments	0	0	0
Support Services	2,428	0	0
TOTAL EXPENDITURE	201,014	174,900	174,100
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(46,782)	0	(39,200)
TOTAL INCOME	(46,782)	0	(39,200)
NET EXPENDITURE (CONTROLLABLE)	154,232	174,900	134,900
<u>Financial Accounting Adjustments</u>			
Central Support Charges	39,970	19,200	22,600
Departmental Support Charges	50,283	45,200	45,300
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	(244,485)	(239,300)	(202,800)
NET ACCOUNTING ADJUSTMENTS	(154,232)	(174,900)	(134,900)
NET EXPENDITURE (ALL BUDGETS)	0	0	0

<u>Variation Analysis</u>		
Original Estimate 2013/14		0
Inflation		(1,100)
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		0
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		1,100
Original Budget 2014/15		0
<u>Other Information</u>		
Employee FTE's (Budgeted)	2.0	2.0

SECTION F

ADULT & COMMUNITY SERVICES

ACCOUNTABILITY & ENGAGEMENT

The Accountability & Engagement Team provides support for the corporate consultation & engagement functions & corporate performance monitoring. It also includes the Corporate Programme Office which assists with the management of significant projects.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	838,762	694,100	821,400
Premises	85	0	0
Transport	651	1,100	1,100
Supplies & Services	76,299	43,000	142,200
Third Party Payments	0	48,100	48,100
Transfer Payments	0	0	0
Support Services	7,029	1,100	8,000
TOTAL EXPENDITURE	922,826	787,400	1,020,800
<u>Income</u>			
Government Grants	(8,547)	0	(9,000)
Other Grants & Contributions	0	0	0
Customer & Client Receipts	34,950	0	(26,400)
TOTAL INCOME	26,403	0	(35,400)
NET EXPENDITURE (CONTROLLABLE)	949,229	787,400	985,400
<u>Financial Accounting Adjustments</u>			
Central Support Charges	186,924	127,000	385,500
Departmental Support Charges	167,113	123,300	125,600
Capital Charges	0	0	0
Central Support Income	(428,932)	(360,800)	(422,300)
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	(74,895)	(110,500)	88,800
NET EXPENDITURE (ALL BUDGETS)	874,334	676,900	1,074,200

<u>Variation Analysis</u>	
Original Estimate 2013/14	676,900
Inflation	13,900
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(5,800)
Investment Priorities	0
Other Growth & Savings	59,000
Budget Transfers	330,200
Original Budget 2014/15	1,074,200
<u>Other Information</u>	
Employee FTE's (Budgeted)	14.6 18.6

SECTION F

ADULT & COMMUNITY SERVICES

PARTNERSHIPS & PLANNING

This includes the Partnership & Planning Team which provides strategy & policy support for Housing & Adult Social Care, & includes the Council's Community Safety budgets..

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	635,488	671,800	667,600
Premises	547	400	400
Transport	2,378	5,100	3,100
Supplies & Services	146,626	52,100	82,600
Third Party Payments	302,292	291,100	313,600
Transfer Payments	0	0	0
Support Services	145	18,700	200
TOTAL EXPENDITURE	1,087,476	1,039,200	1,067,500
<u>Income</u>			
Government Grants	(111,950)	(61,000)	(132,000)
Other Grants & Contributions	(12,000)	(10,300)	(10,300)
Customer & Client Receipts	(76,827)	(45,200)	(25,200)
TOTAL INCOME	(200,777)	(116,500)	(167,500)
NET EXPENDITURE (CONTROLLABLE)	886,699	922,700	900,000
<u>Financial Accounting Adjustments</u>			
Central Support Charges	233,245	189,800	218,600
Departmental Support Charges	310,489	296,300	239,700
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	543,734	486,100	458,300
NET EXPENDITURE (ALL BUDGETS)	1,430,433	1,408,800	1,358,300

<u>Variation Analysis</u>	
Original Estimate 2013/14	1,408,800
Inflation	8,200
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(900)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(57,800)
Original Budget 2014/15	1,358,300
<u>Other Information</u>	
Employee FTE's (Budgeted)	15.0 14.5

SECTION F

ADULT & COMMUNITY SERVICES

GRANTS TO VOLUNTARY ORGANISATIONS

The Council manages a small grants programme, funding small one off projects by local community & voluntary groups. The Council also contributes to the London Borough Grant Scheme.

	<u>2012/13</u> <u>Actual</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	95,293	87,500	88,200
Premises	740,767	816,500	816,500
Transport	41	100	100
Supplies & Services	1,854,271	919,700	836,700
Third Party Payments	440	0	0
Transfer Payments	0	0	0
Support Services	0	0	0
TOTAL EXPENDITURE	2,690,812	1,823,800	1,741,500
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	(426,009)	(159,600)	(159,600)
Customer & Client Receipts	(700,365)	(700,000)	(700,000)
TOTAL INCOME	(1,126,374)	(859,600)	(859,600)
NET EXPENDITURE (CONTROLLABLE)	1,564,438	964,200	881,900
<u>Financial Accounting Adjustments</u>			
Central Support Charges	28,091	22,900	41,200
Departmental Support Charges	36,547	51,300	38,600
Capital Charges	12,204	12,200	12,200
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	76,842	86,400	92,000
NET EXPENDITURE (ALL BUDGETS)	1,641,280	1,050,600	973,900

<u>Variation Analysis</u>	
Original Estimate 2013/14	1,050,600
Inflation	21,300
Changes in Government Grants	0
Other Government or Outside Body Changes	(19,000)
Demand Led Growth	0
Budget Review Savings	(21,300)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(57,700)
Original Budget 2014/15	973,900
<u>Other Information</u>	
Employee FTE's (Budgeted)	2.0 2.0

SECTION F

ADULT & COMMUNITY SERVICES

CORPORATE PROCUREMENT

The Procurement Team undertakes the contracting, tendering & evaluation of all Council contracts. In addition the Procurement Team leads on developing the Council's corporate procurement strategy as well as advising on procurement & contract management across the Council.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	882,935	944,600	1,050,300
Premises	95	0	0
Transport	901	1,200	900
Supplies & Services	50,724	5,500	15,500
Third Party Payments	0	53,900	33,400
Transfer Payments	0	0	0
Support Services	105,052	149,300	120,400
TOTAL EXPENDITURE	1,039,707	1,154,500	1,220,500
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	(18,000)	0	0
Customer & Client Receipts	(59,601)	(56,000)	(56,000)
TOTAL INCOME	(77,601)	(56,000)	(56,000)
NET EXPENDITURE (CONTROLLABLE)	962,106	1,098,500	1,164,500
<u>Financial Accounting Adjustments</u>			
Central Support Charges	267,146	201,300	218,800
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	(1,229,252)	(1,299,800)	(1,383,300)
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	(962,106)	(1,098,500)	(1,164,500)
NET EXPENDITURE (ALL BUDGETS)	0	0	0

<u>Variation Analysis</u>		
Original Estimate 2013/14		0
Inflation		7,300
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		0
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		(7,300)
Original Budget 2014/15		0
<u>Other Information</u>		
Employee FTE's (Budgeted)	20.6	20.6

SECTION F

ADULT & COMMUNITY SERVICES

CORPORATE EQUALITY & DIVERSITY TEAM

The Corporate Equality & Diversity Team oversees the Council's policies & procedures around equality & diversity & organises training & development around these.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	55,551	55,200	55,700
Premises	0	0	0
Transport	196	300	300
Supplies & Services	4,592	8,200	7,200
Third Party Payments	0	19,100	19,100
Transfer Payments	0	0	0
Support Services	0	0	0
TOTAL EXPENDITURE	60,339	82,800	82,300
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	0	0	0
TOTAL INCOME	0	0	0
NET EXPENDITURE (CONTROLLABLE)	60,339	82,800	82,300
<u>Financial Accounting Adjustments</u>			
Central Support Charges	17,586	14,300	13,600
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	(77,925)	(97,100)	(95,900)
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	(60,339)	(82,800)	(82,300)
NET EXPENDITURE (ALL BUDGETS)	0	0	0

<u>Variation Analysis</u>		
Original Estimate 2013/14		0
Inflation		100
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(100)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		0
Original Budget 2014/15		0
<u>Other Information</u>		
Employee FTE's (Budgeted)	1.0	1.0

CORPORATE COMMUNICATIONS

The Communications Team is responsible for handling all the Council's corporate communication with external bodies, particularly media, marketing & advertising. The team also manages all internal communications with Council staff.

	<u>2012/13</u> <u>Actual</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	0	0	0
Premises	1,089	0	0
Transport	37	800	800
Supplies & Services	74,935	54,100	54,100
Third Party Payments	400,680	438,000	449,500
Transfer Payments	0	0	0
Support Services	0	800	0
TOTAL EXPENDITURE	476,741	493,700	504,400
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	340	(39,200)	0
TOTAL INCOME	340	(39,200)	0
NET EXPENDITURE (CONTROLLABLE)	477,081	454,500	504,400
<u>Financial Accounting Adjustments</u>			
Central Support Charges	19,050	20,200	7,600
Departmental Support Charges	0	0	0
Capital Charges	0	0	0
Central Support Income	(496,131)	(474,700)	(512,000)
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	(477,081)	(454,500)	(504,400)
NET EXPENDITURE (ALL BUDGETS)	0	0	0

<u>Variation Analysis</u>		
Original Estimate 2013/14		0
Inflation		12,900
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(1,400)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		(11,500)
Original Budget 2014/15		0
<u>Other Information</u>		
Employee FTE's (Budgeted)	0.0	0.0

SECTION F

ADULT & COMMUNITY SERVICES

RENT ALLOWANCES

This is the net cost to the Council of Housing Benefit payments. The cost of administering these payments is shown elsewhere, in Corporate Services.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	0	0	0
Premises	0	0	0
Transport	0	0	0
Supplies & Services	69,671	153,100	153,100
Third Party Payments	0	0	0
Transfer Payments	65,242,658	65,128,100	67,717,400
Support Services	0	0	0
TOTAL EXPENDITURE	65,312,329	65,281,200	67,870,500
<u>Income</u>			
Government Grants	(65,555,024)	(65,320,200)	(67,909,500)
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(237,127)	0	0
TOTAL INCOME	(65,792,151)	(65,320,200)	(67,909,500)
NET EXPENDITURE (CONTROLLABLE)	<u>(479,822)</u>	<u>(39,000)</u>	<u>(39,000)</u>
<u>Financial Accounting Adjustments</u>			
Central Support Charges	0	0	0
Departmental Support Charges	14,821	1,000	1,000
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	14,821	1,000	1,000
NET EXPENDITURE (ALL BUDGETS)	<u>(465,001)</u>	<u>(38,000)</u>	<u>(38,000)</u>

<u>Variation Analysis</u>		
Original Estimate 2013/14		(38,000)
Inflation		3,800
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(3,800)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		0
Original Budget 2014/15		<u>(38,000)</u>
<u>Other Information</u>		
Employee FTE's (Budgeted)	0.0	0.0

SECTION F

ADULT & COMMUNITY SERVICES

SUPPORTED HOUSING SERVICES

This includes the commissioned supported housing services, funded through the Supporting People Programme.

	<u>2012/13</u> <u>Actual</u> <u>£</u>	<u>2013/14</u> <u>Estimate</u> <u>£</u>	<u>2014/15</u> <u>Estimate</u> <u>£</u>
<u>Expenditure</u>			
Employees	0	0	0
Premises	0	0	0
Transport	0	0	0
Supplies & Services	0	0	0
Third Party Payments	2,812,088	2,518,800	2,518,800
Transfer Payments	0	0	0
Support Services	0	0	0
TOTAL EXPENDITURE	2,812,088	2,518,800	2,518,800
<u>Income</u>			
Government Grants	0	0	0
Other Grants & Contributions	0	0	0
Customer & Client Receipts	(51,571)	0	0
TOTAL INCOME	(51,571)	0	0
NET EXPENDITURE (CONTROLLABLE)	2,760,517	2,518,800	2,518,800
<u>Financial Accounting Adjustments</u>			
Central Support Charges	6,191	2,000	33,500
Departmental Support Charges	109,951	91,600	124,600
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	116,142	93,600	158,100
NET EXPENDITURE (ALL BUDGETS)	2,876,659	2,612,400	2,676,900

<u>Variation Analysis</u>		
Original Estimate 2013/14		2,612,400
Inflation		0
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		0
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		64,500
Original Budget 2014/15		2,676,900
<u>Other Information</u>		
Employee FTE's (Budgeted)	0.0	0.0

SECTION F

ADULT & COMMUNITY SERVICES

DIRECTORATE MANAGEMENT & FINANCE

This includes the Director of Adults & Community Services & costs relating to the strategic management of the Directorate, including its finance & accountancy support functions & the Directorate's business support function, which are recharged across the Directorate.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	2,115,958	2,136,000	2,326,300
Premises	9,566	2,500	2,500
Transport	13,040	12,500	12,500
Supplies & Services	287,261	709,700	658,500
Third Party Payments	100,000	120,500	115,800
Transfer Payments	5,310	0	0
Support Services	40,823	13,800	44,400
TOTAL EXPENDITURE	2,571,958	2,995,000	3,160,000
<u>Income</u>			
Government Grants	0	(11,100)	(11,100)
Other Grants & Contributions	0	(6,200)	(6,200)
Customer & Client Receipts	(123,192)	(55,600)	(55,600)
TOTAL INCOME	(123,192)	(72,900)	(72,900)
NET EXPENDITURE (CONTROLLABLE)	2,448,766	2,922,100	3,087,100
<u>Financial Accounting Adjustments</u>			
Central Support Charges	1,628,083	1,272,900	1,241,000
Departmental Support Charges	285,553	401,500	165,500
Capital Charges	9,729	0	9,700
Central Support Income	0	0	0
Departmental Support Income	(4,058,062)	(3,761,300)	(3,782,600)
NET ACCOUNTING ADJUSTMENTS	(2,134,697)	(2,086,900)	(2,366,400)
NET EXPENDITURE (ALL BUDGETS)	314,069	835,200	720,700

<u>Variation Analysis</u>	
Original Estimate 2013/14	835,200
Inflation	28,300
Changes in Government Grants	0
Other Government or Outside Body Changes	0
Demand Led Growth	0
Budget Review Savings	(94,000)
Investment Priorities	0
Other Growth & Savings	0
Budget Transfers	(48,800)
Original Budget 2014/15	720,700
<u>Other Information</u>	
Employee FTE's (Budgeted)	62.9 63.3

SECTION F

ADULT & COMMUNITY SERVICES

JOINT COMMISSIONING COLLABORATIVE TEAM

The Council has set up a Joint Commissioning Team with Richmond Clinical Commissioning Group. This is responsible for implementation of the strategic commissioning objectives for health & social care services, through market development, performance management & partnership working. This section also includes the Learning & Development Team, responsible for developing the workforce within the local care sector.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	910,435	813,400	873,300
Premises	12,727	4,300	4,300
Transport	2,168	0	0
Supplies & Services	462,047	41,700	19,500
Third Party Payments	0	68,800	68,800
Transfer Payments	0	0	0
Support Services	381	900	400
TOTAL EXPENDITURE	1,387,758	929,100	966,300
<u>Income</u>			
Government Grants	(17,000)	0	0
Other Grants & Contributions	(524,372)	(16,500)	(144,200)
Customer & Client Receipts	(46,827)	(27,100)	(27,100)
TOTAL INCOME	(588,199)	(43,600)	(171,300)
NET EXPENDITURE (CONTROLLABLE)	799,559	885,500	795,000
<u>Financial Accounting Adjustments</u>			
Central Support Charges	266,450	170,300	161,400
Departmental Support Charges	205,431	153,600	150,500
Capital Charges	15,006	25,600	14,000
Central Support Income	0	0	0
Departmental Support Income	(1,733,470)	(1,235,000)	(1,120,900)
NET ACCOUNTING ADJUSTMENTS	(1,246,583)	(885,500)	(795,000)
NET EXPENDITURE (ALL BUDGETS)	(447,024)	0	0

<u>Variation Analysis</u>		
Original Estimate 2013/14		0
Inflation		2,900
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		(76,100)
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		73,200
Original Budget 2014/15		0
<u>Other Information</u>		
Employee FTE's (Budgeted)	12.5	12.0

SECTION F

ADULT & COMMUNITY SERVICES

PUBLIC HEALTH

The Council is responsible for Public Health Services under the Health & Social Care Act 2012. The Public Health Team is responsible for commissioning services to improve health in the borough & co-ordinating local efforts to protect the public's health & wellbeing & ensuring health services effectively promote the population's health.

	<u>2012/13</u> <u>Actual</u> £	<u>2013/14</u> <u>Estimate</u> £	<u>2014/15</u> <u>Estimate</u> £
<u>Expenditure</u>			
Employees	0	1,106,400	1,319,200
Premises	1,152	0	0
Transport	1,545	0	25,000
Supplies & Services	64,131	1,140,700	116,600
Third Party Payments	37,506	4,706,400	6,192,200
Transfer Payments	0	0	0
Support Services	0	0	0
TOTAL EXPENDITURE	104,334	6,953,500	7,653,000
<u>Income</u>			
Government Grants	0	(7,343,000)	(7,928,100)
Other Grants & Contributions	0	0	(20,000)
Customer & Client Receipts	0	0	(221,200)
TOTAL INCOME	0	(7,343,000)	(8,169,300)
NET EXPENDITURE (CONTROLLABLE)	104,334	(389,500)	(516,300)
<u>Financial Accounting Adjustments</u>			
Central Support Charges	0	167,400	278,200
Departmental Support Charges	52,288	222,100	334,000
Capital Charges	0	0	0
Central Support Income	0	0	0
Departmental Support Income	0	0	0
NET ACCOUNTING ADJUSTMENTS	52,288	389,500	612,200
NET EXPENDITURE (ALL BUDGETS)	156,622	0	95,900

<u>Variation Analysis</u>		
Original Estimate 2013/14		0
Inflation		(2,500)
Changes in Government Grants		0
Other Government or Outside Body Changes		0
Demand Led Growth		0
Budget Review Savings		2,500
Investment Priorities		0
Other Growth & Savings		0
Budget Transfers		95,900
Original Budget 2014/15		95,900
<u>Other Information</u>		
Employee FTE's (Budgeted)	16.7	18.4

LONDON BOROUGH OF RICHMOND UPON THAMES

CABINET

DATE: 13TH FEBRUARY 2014

REPORT OF: DEPUTY LEADER AND CABINET MEMBER FOR RESOURCES

TITLE OF DECISION: REVENUE BUDGET STRATEGY AND COUNCIL TAX 2014/15

WARDS: ALL

KEY DECISION?: YES

IF YES, IN FORWARD PLAN?: YES

For general release

1. MATTER FOR CONSIDERATION

1.1 This report gives details of the budget strategy and recommends that the Richmond upon Thames element of the Council Tax remain unchanged at £1,287.39.

2. RECOMMENDATIONS

- | | |
|-----|---|
| 2.1 | That Members consider the advice of the Director of Finance and Corporate Services in respect of Section 25 of the Local Government Act 2003 in setting the budget (see paragraphs 3.34 to 3.45) |
| 2.2 | That the Council be recommended to agree the Revenue Budget for 2014/15. |
| 2.3 | That the Council be recommended to agree that the Richmond upon Thames element of the Band D Council Tax be unchanged at £1,287.39 ; thereby enabling the Council to accept a further £1.097m one off funding in Council Tax Freeze Grant from the Government. |
| 2.4 | That the Cabinet note the expected Greater London Authority (GLA) precept of £299.00. |
| 2.5 | That the Council be RECOMMENDED to agree that the overall Band D level of Council Tax for 2014/15 including the GLA element be set at £1,586.39, a <u>reduction of 0.25% on 2013/14</u>. The levels of Council Tax for all property bands are shown at Appendix A; and |
| 2.6 | That the Cabinet approve the revised Medium Term Financial Strategy (Appendix C) including the efficiencies/savings identified and the 5 year capital programme. |

3. DETAILS

Background

- 3.1 The development of the Council's financial strategy continues to be set against a background of austerity measures designed to reduce the UK budget deficit and public borrowing alongside continuing increases in demand for public services.
- 3.2 In developing its strategy the Council has already produced a number of reports and briefing notes reviewing the national budget, assessing the impact of the local government finance settlement, reviewing reserves and balances and setting out the Administration's key aims and priorities for capital investment.

The Medium Term Financial Strategy (MTFS)

- 3.3 The MTFS is intended to identify a financially sustainable way of achieving the Council's aims, recognising the need to balance service needs with available resources and the impact on Council Tax payers. The wider aims behind the strategy are set out in the attached MTFS but, in particular, the strategy aims to deliver the Administration's key financial objective of:

- **A freeze in Council Tax for 2014/15 and to work towards zero or sustainable low increases in the years beyond.**

- 3.4 The latest budget monitoring data shows that the Council is projecting an underspend of £3.4m on its revenue budget for 2013/14. This is comprised of a number of over and underspends across the wide range of services provided by the Council. Individual reports have been presented to Overview and Scrutiny Committees. The Council continues to be subject to demand pressures in some areas, particularly Children's Services and Homelessness. The overall underspend is, to some extent, a result of the Council reining back expenditure as part of its strategy for making the longer term changes that are necessary to cope with reductions in funding.

This combined with the timely achievement of savings again provides an opportunity for limited investments in the Council's and local peoples' priorities and these are identified in paragraph 3.25.

- 3.5 The latest update to the MTFS is attached as Appendix C. It identifies that the Council must continue to target savings/efficiencies in future years to achieve the lowest possible Council Tax increases.

The Local Government Finance Settlement (LGFS) and Future Funding Issues

- 3.6 In December 2013 the Government announced provisional grant allocations for 2014/15 and 2015/16. This Settlement continued with the regime of funding reductions for Local Government and the Council and included the following key national headlines:

- Spending Power (SP) has reduced by 2.9% for 2014/15 and by 1.8% for 2015/16. These figures include pooled budgets with the health service. Excluding this funding SP has reduced by 3.4% for 2014/15 and 5.6% for 2015/16.
- No Council will face a loss in spending power of more than 6.9% between 2013/14 and 2014/15

SECTION G

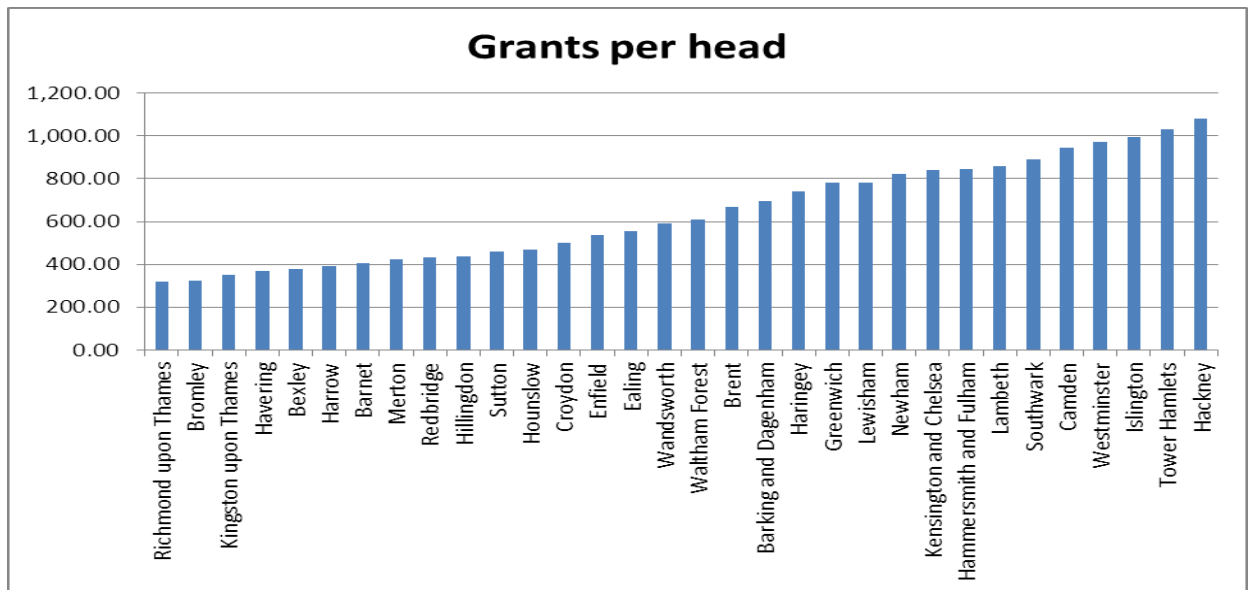
- Council Tax Freeze Grant will be available in 2014/15 and 2015/16. This is worth £550m nationally and will mean this grant will have been offered to Councils for 5 years. Government confirmed that Freeze grant from 2013/14 to 2015/16 will be permanently built into baseline funding.
- Councils have been compensated for the loss of Business Rate income following the capping of this year's increase to 2%
- Confirmation that there will be £3.8bn worth of pooled budgets available for health and social care. The majority of this is not new money although the total has been included in SP calculations.
- New Homes Bonus (NHB) will be worth £916m in 2014/15 (compared to £650m in 2013/14) and £1,164m in 2015/16. Although a new top-slice to this grant has been introduced for London which will see the amount allocated to the Council *fall* in 2015/16.

3.7 The funding levels for 2014/15 and 2015/16 were broadly as expected for Richmond and have been built in to the MTFs. The main financial impact on the Council can be summarised as:

- Government figures suggest Richmond's SP reduces by 0.7% in 2014/15 and actually increases in 2015/16 by 1.8% but, as explained later, the Council believes it is misleading to simply use this percentage to compare our funding position to other Councils. Excluding the health money the figures are losses of 1.1% and 1.7% respectively.
- Richmond will lose £4.6m in 2014/15 and £4.9m in 2015/16 from its Start-up Funding Assessment (general un-ringfenced grants funded via RSG and NNDR).
- The decision to add Freeze Grants from 2013/14 and 2014/15 into the baseline alleviates a significant risk for the Council in that we were previously unsure whether this funding would all drop out after 2015/16. This announcement gives the Council certainty over the continuation of up to £3.4m worth of Council Tax Freeze funding beyond 2015/16 if the Council were to continue its Council Tax Freeze beyond 2014/15.
- Additional New Homes Bonus of £468k is expected to be received by the Council in 2014/15 but the Council expects to actually lose funding of £552k in 2015/16 because of the introduction of a "top-slice" of all New Homes Bonus paid to the Council since 2011/12. The Government proposes to pay this top-slice to the GLA for use by the London Local Enterprise Panel – an advisory body chaired by the Mayor for London.

3.8 The chart below illustrates the relative position of Richmond compared to the rest of London when comparing 2014/15 funding allocations (within Spending Power) per head of population. A proportion of this will be retained from Business Rates and some will be received through Government grants. Richmond has the lowest allocation at £318 per head. Bromley and Kingston are the next lowest at £325 and £352 per head and Hackney is the highest at £1,081 per head. The London average is £636 per head.

SECTION G

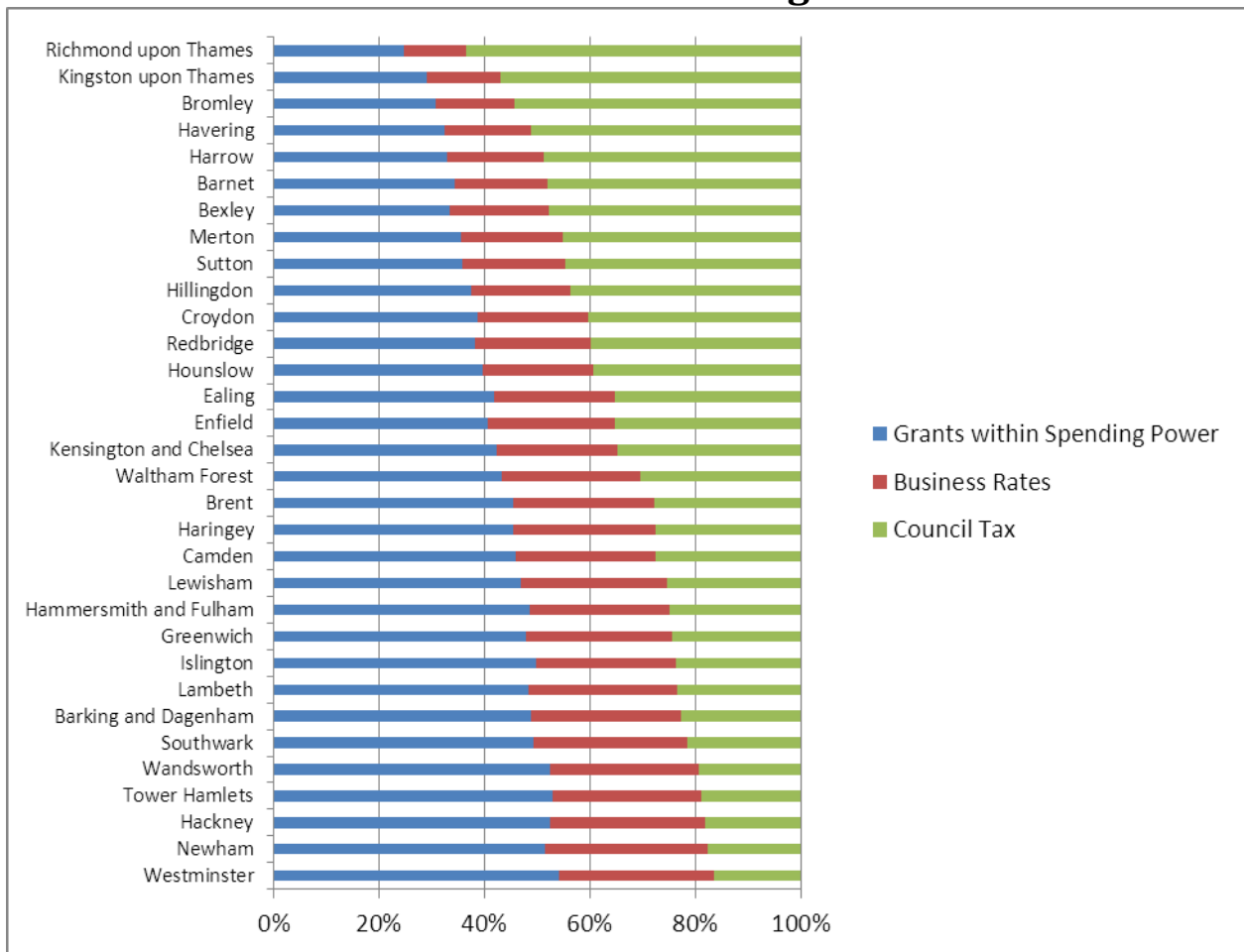


- 3.9 The Council expects to be able to meet the Business Rates target set by Central Government in both 2014/15 and 2015/16 and has built a small surplus on this target into the MTFS. There still remains a risk around this retained Business Rates income as changes in levels of rateable value appeals, collection rates, discounts and exemptions could have a significant impact on income levels and are difficult to predict and control.
- 3.10 The Council's MTFS has built in the grant reductions mentioned above as well as further significant grant reductions for the medium term. Recent Government announcements (Autumn Statement and Budget 2013) indicate that although the economy is showing signs of returning to growth, significant funding reductions should still be expected for the foreseeable future. This poses a significant challenge for the Council.

Spending Power

- 3.11 The Government's preferred way of measuring the impact of the settlement is through the Spending Power calculation. This has replaced the traditional method of using the change in Government Grant as the key measure. In the past, this year's settlement would have been described in terms of a 7.4% cut in Government Grant rather than the 1.1% reduction in Spending Power as stated by the Government. Spending Power (SP) is defined as the total revenue funding available to a Council and includes Council Tax, Government Grant and Retained Business Rates. The effect of any reduction in Government Grant is therefore "diluted" in the calculations.
- 3.12 This methodology has further implications for Richmond in that it leads to misleading comparisons on the impact of the settlement between boroughs. On the face of it, it might appear that Richmond has been treated more leniently than other boroughs with the smallest reduction in Spending Power in London and one of the lowest reductions in the country. However, it should be remembered that the Local Government Finance System is essentially formula based with the same calculations being applied to all boroughs. What distorts the figures for Richmond is the fact that we raise a much higher proportion of our SP from Council Tax than most other Councils. The higher the proportion of SP raised through Council Tax, then the lower the impact on SP of any Government Grant reduction. The following chart shows how Richmond is funded relative to other Boroughs:

Sources of Funding



3.13 63% of Richmond's SP comes from Council Tax and 37% comes from Grants and Business Rates. This compares to Westminster at the other extreme where 16% is funded from Council Tax and 84% is funded from Grants and Business Rates. The Government funding reductions are only being applied to the proportion received through grant so although in most instances the same percentage reduction is being applied to all boroughs this will be a lower percentage of overall SP for Richmond. The key figures are:

	2013/14	2014/15	Adjusted 2014/15*	2015/16	% change 13/14 to 14/15	%change adjusted 14/15 to 15/16
<u>INCLUDING HEALTH GRANTS</u>						
Grants	44.825	42.334	43.952	45.517	-5.56%	3.56%
Council Tax	107.503	108.437	108.437	109.380	0.87%	0.87%
Business Rates Baseline	19.720	20.104	20.104	20.659	1.95%	2.76%
Spending Power	172.048	170.875	172.493	175.556	-0.68%	1.78%
<u>EXCLUDING HEALTH GRANTS</u>						
Grants (excluding NHS & LA Better Care Fund)	42.460	39.305	39.155	34.828	-7.43%	-11.05%
Council Tax	107.503	108.437	108.437	109.380	0.87%	0.87%
Business Rates Baseline	19.720	20.104	20.104	20.659	1.95%	2.76%
Spending Power	169.683	167.846	167.696	164.867	-1.08%	-1.69%

SECTION G

* Central Government calculates changes in SP based upon adjusted 2014/15 figures rather than cash changes. The 2014/15 SP has been adjusted for reduction in Benefit Admin grant (-£935k), increase in Health Funding (+£1.768m) and Adult Social Care New Burdens funding (+£785k) - net change £1.618m increase.

- 3.14 The figures have been presented including and excluding the 'NHS and LA Better Care Fund' as the inclusion of this shared funding (LA and NHS) obscures the real grant reduction for the Borough.

Partners and forward planning

- 3.15 The Council and its local partners have a strong commitment and good track record of working in partnership. Although the Richmond Clinical Commissioning Group (CCG) deferred a decision on supporting the proposed Integrated Care Organisation during 2013/14, the Council, CCG and its wider GP membership have continued to work in partnership on joint commissioning across a number of services. Additionally there is good engagement with the voluntary sector, a close relationship with the police and others via the Community Safety Partnership and joint action being taken to address the impact of the current economic situation. The Health and Wellbeing Board provides local accountability for the improved health and wellbeing of Richmond residents and has as a key objective the integration of health and social care for adults and children.
- 3.16 The Council places a strong priority on the provision of Education in the Borough and as well as the continuing funding of expansion of primary places it is working with the academies in the secondary sector to fund the establishment of sixth forms in every state funded secondary school in the Borough. Additionally it is working with Haymarket and Richmond upon Thames College to develop a new campus for education and enterprise on the existing college site. The campus will comprise a new College, new Secondary School and a purpose built special school alongside a new UK headquarters for the Haymarket Media Group. This is an ambitious programme for the borough where the public sector elements total £70m to be funded through college land sales, applications for funding to government and £10m from the Council's Capital Programme.
- 3.17 Increasingly we are working with our neighbouring local authorities. In April 2014 we are planning to launch Achieving for Children, a new Community Interest Company, jointly owned by the Council and Royal Borough of Kingston, which will provide Children's services to both boroughs. We are also seeking opportunities to share back office services where this makes operational sense and saves money. As examples; we have already established a 4 borough (Richmond, Merton, Kingston and Sutton) shared legal service and have joint audit and HR services with Kingston.
- 3.18 Particularly important in financial terms is the relationship with the local NHS. Richmond Clinical Commissioning Group (CCG) inherited a favourable financial position from its predecessor PCT (NHS Richmond), carrying forward a surplus of £6.7m at the start of 2013/14. In December 2013, NHS England announced a new funding formula for allocating resources to CCGs. For Richmond CCG, this will mean an overall increased allocation of £10.3m by 2015/16 due to an increased allocation per head of population and also due to expected population increases built into the formula. The CCG is marginally above its target funding per head by 1.77% in 2014/15. However, by 2015/16 it will move closer to target, with the allocation being 0.11% below target, as a result of changes to the allocation formula. For both 14/15 and 15/16 the CCG Closing Target per head is below the London & National values.
- 3.19 Work is planned to further the integration of health and social care services. Pooled funding from the Better Care Fund will bring together mainly existing funding from local

SECTION G

government and NHS to achieve integrated services. Richmond's Better Care Fund revenue allocation of £10.7m in 2015/16 will include an additional contribution from existing CCG funds of £6.4m. A key joint priority will be to shift resources from acute hospital care through the implementation of the Better Care Closer to Home: Out of Hospital Care Strategy.

Taking into account growth pressures of £6m per annum, the requirement to contribute to central running costs and to achieve the required shift in resources as part of the Better Care Fund plans, the CCG has annual efficiency targets of £3.8m in 2014/15 and £4.4m in 2015/16.

- 3.20 The Mayor's Office for Policing and Crime (MOPAC) sets out the planned resources for the Police in the Police and Crime Plan 2013-2016. Richmond's funding allocation from the London Community Safety Fund has been confirmed for this period and is broadly in line with the funding we and our partners requested in order to meet our priorities. This includes an element of joint funding with RB Kingston. Implementation of the plan will require continued close working with our local police partners to maintain the current levels of confidence about community safety and crime. The Council is continuing to contribute £80k to enhance local neighbourhood policing and is expecting to take an increased role in co-ordination of partnership work over the next year, with the expected organisational changes to neighbourhood policing and the probation service.

Balances and Reserves

- 3.21 Appendix B to this report contains a full listing of the revenue balances and reserves held by the Council and gives details on their intended application. The key issues are:
- The General Reserve is planned to stay at £9.96m. This is within the range agreed by the Council and there is no use planned in 2014/15.
 - Approximately 28% (£13.9m) of the quoted balances at 1.4.13 are funds that are outside of the Council's direct control e.g. school balances. In addition to this a further approximately 18% (£9.1m) e.g. PFI Reserve and Insurance Funds, whilst being nominally under Council control, are largely not available for use.
 - Once any schools become academies, reserves associated with these schools will be transferred out of Council funds.
 - The Council agreed last year to place the "one off" freeze grants from central government into reserve and then use from 2014/15 to hold down any future Council Tax increases.
 - It is anticipated that reserves will fall for the fourth successive year to around just under £49m (£35.7m excluding schools and £31.7m if the new freeze grant reserve is excluded) by the end of 2013/14. Excluding schools, this would be their lowest level since 2003 and in line with the level identified in the Minimum Reserves Policy considered by Cabinet and Overview and Scrutiny Committee in June 2011.
 - Balances are available for use only once. Their use to reduce Council Tax in any given year will result in cuts being required in future years.

Overall Budget Proposals

- 3.22 In line with the Constitution and in accordance with proposals agreed by Leading Members, individual service budgets have been agreed by the relevant Cabinet Member and reports have been submitted to Overview and Scrutiny Committees.

SECTION G

- 3.23 The Council has attempted to set a budget that achieves a balance between the Council Tax increase not adding a further financial burden on household budgets, maintaining service standards whilst addressing the serious, long term reductions in public finances that are expected.
- 3.24 This means that the budget proposals must also consider the longer term and to this end the Council's savings programme will need to continue for the foreseeable future. Despite this, the Council has always aimed to provide for limited investment in specific priorities.
- 3.25 In particular the budget has:
- Built in specific funds for new demands / costs of statutory services:
 - £0.5m for further growth demands on social care services (funded jointly with the NHS)
 - £0.7m on Children's services.
 - Included efficiency/savings/income generation of £4.0m. This includes a number of schemes and actions including; new developments on Children's Services (£0.6m), a number of reductions generated from procurement / contract savings (£2.6m), reductions made by holding inflation on supplies and services budgets at zero (£0.6m) and savings from internal re-organisations and shared service proposals (£0.2m).
 - Included the following specific time limited investments:
 - Continued the additional £1m investment in pavements and highways for a further year. This reflects the priority given to this area in the All-in-One consultation and the demand shown for the community pavement and highways scheme.
 - £0.4m for the development of village plans (Cabinet on 19 September 2013).
 - £0.1m for preparation work needed for hosting the Rugby World Cup in 2015 (Cabinet on 19 September 2013).
 - Provided continuing support for capital investment, particularly in education.
 - Assumed that the impact of inflation will be held at close to 1% on salaries and zero on non-contracted services.
 - Assumed the acceptance of the latest one-off freeze grant from the Government and its application to assist in meeting the longer term aim of holding down / freezing Council Tax increases in future years.
- 3.26 The final service totals are:

	<u>£m</u>
Education and Children's Services	27.3
Environment	25.7
Adult and Community Services	71.2
Finance & Corporate Services	21.7
Total	<u>145.9</u>

SECTION G

3.27 Central Items and contingency

	<u>£m</u>
Capital Funding and Investment	6.3
Business Rates Tariff / Levy	3.8
Pensions deficit funding	5.0
General Contingency	0.9
Investment Priorities	1.5
Transfers to/from Reserves (inc. Ctax Freeze Grant)	0.8
Non Ring Fenced Grants	-3.8
Total	14.5

3.28 Summary of Borough Expenditure

	<u>£m</u>
Service Estimates	145.9
Central Items and Contingency	14.5
Total	160.4

Levies

3.29 There are a number of levies and other charges, which the Council has to pay each year. These levies count as part of the borough's expenditure and they are, therefore, included in the relevant service budgets. The amounts and services are set out below:

Levy	2013/14	2014/15	Variation
	£000	£000	%
West Waste	7,861	7,193	-8%
Lee Valley Park	274	274	TBA
Flood Defence	196	197	1%
London Pension Fund Authority	335	335	TBA
Coroner's Service	160	160	TBA

All figures are based on the latest information at the time of writing the report and are subject to change once final levies have been agreed.

There are no levies this year from the Mortlake or South West Middlesex Crematorium Boards.

Capping/Council Tax Referendums

3.30 The Localism Act abolished direct capping by the Government and replaced it with the ability of the Secretary of State to set a maximum level of council tax increase. Any Council wishing to set a higher level of increase will be required to hold a local referendum. The Secretary of State has not yet announced the level for 2014/15 but it is not expected to exceed the 2.0% of 2013/14 and could be a lower cap. The Secretary of State's calculation will be based on a comparison between the Council's Relevant Basic Amount of Council Tax for 2014/15, defined as Council Tax Requirement divided by the Council Tax Base, and the comparable figure for 2013/14 as provided by the Secretary of State, known as the Alternative Notional Amount (ANA). A Council would breach the

SECTION G

referendum limit if its Relevant Basic Amount was greater than or equal to its ANA plus the set percentage.

Although the Council has yet to receive details of exactly how this calculation will be applied for 2014/15, our initial projections assuming a 2% limit are:

ANA 2013/14	1,313.14
Basic Relevant Amount 2014/15	1,287.39

Based on this, Richmond's Basic Relevant Amount would be £25.75 (1.96%) lower than its limit and no referendum is required.

The Greater London Authority (GLA) Precept

3.31 The Band D Council Tax in respect of the GLA Precept is expected to reduce to £299.00.

3.32 Summary of requirements and Council Tax

	£m
Total LBRuT Budget Requirement	160.389
School expenditure funded from DSG *	91.607
GLA Precept	25.359
	277.355
Less	
Revenue Support Grant / NNDR retention	-50.453
DSG *	-91.607
Contribution from Collection Fund	-0.750
	134.545

*Final figures, including all academy adjustments, are still awaited.

At the Cabinet meeting of 16th January 2014, the Council Tax Base for 2014/15 was agreed as 84,811.93 Band D equivalents.

Based on the above figures, the total tax at Band D including the GLA element is reduced to £1,586.39.

3.33 The table below shows the impact of the increases in Council Tax proposed by the Council and the GLA:

	2013/14 £	2014/15 £	% increase
LBRUT	1,287.39	1,287.39	0.00
GLA	303.00	299.00	-1.32
TOTAL	1590.39	1,586.39	-0.25

SECTION G

Section 25(2) of the Local Government Act 2003

- 3.34 Section 25(2) of the Local Government Act 2003 requires the Chief Financial Officer of an authority to report on:
- (a) the robustness of the estimates made for the purposes of the calculations, and
 - (b) the adequacy of the proposed financial reserves.
- In doing so, the Director of Finance and Corporate Services has had particular regard to the guidance offered by the Chartered Institute of Public Finance and Accountancy and the views of the Council's external auditor.
- 3.35 The Council's stated aim is to achieve long term stability in its finances whilst restricting Council Tax increases. To achieve this, the Council must have regard to the major risks to its financial position and in particular:
- The current economic position and future outlook
 - Whether budget setting and monitoring processes are robust and effective
 - Demand pressures on the budget
 - Identifying and achieving cost and income improvements
 - Changes to the system of funding for Local Government
 - Risks to Government funding levels
 - Risks to other income streams
- 3.36 The Council has a good recent track record in financial management and in the delivery of Value For Money (VFM). The judgements by external inspectorates take into account both the service performance of the Council and the way we prepare and monitor our budgets as well as the wider use of resources including staffing and physical resources.
- 3.37 Local government finance issues have been dominated in recent times by cuts in government funding and pressure to keep council tax increases down. Alongside this the longer term position has also been made more uncertain by the changes in the way Government Funding is calculated. The Council now knows the majority of the outcome of the funding regime for 2014/15 and 2015/16. It also knows that the Government has stated that public sector finances are likely to continue to reduce through to 2017/18. Although the MTFs (attached as Appendix C) shows that the action taken to date has been successful in maintaining a strong financial position, and providing some limited one off investment, the longer term position remains extremely challenging if the Council is to achieve low or zero Council Tax increases in the longer term.
- 3.38 In considering their longer term plans Members should also note that freezing Council Tax levels produces a permanent real terms reduction in Council Tax yield. To illustrate this, the decisions to freeze Council Tax in 2010/11, 11/12, 12/13, 13/14 and 14/15 means a permanent £12m (after Freeze Grant) reduction in the tax yield as compared with Council Tax rises in line with inflation (CPI). Clearly the positive aspect of this is that local tax payers are paying £197.61 (at Band D) or 15% less than they would have been had the Council applied inflationary increases each year.
- 3.39 With a relatively low allowance for demand growth, uncertainty over longer term Government funding, local and national elections due in the next 18 months and the need to achieve challenging savings targets, the risks inherent in the revenue budget remain significant. The Council has sufficient reserves to deal with such a position in the short term and in the medium term continues to refresh its savings and efficiency programme. Whilst achievement of this programme will be closely monitored, it is also clear that after

SECTION G

the local elections, a more significant review of the medium term programme will need to be considered.

- 3.40 Given the resource constraints and demand pressures faced by the Council it is imperative that efficiency remains at the heart of all Council activities. This will contribute towards the achievement of the Council's objectives.
- 3.41 Despite the constrained funding position, the Council remains committed to investing in the essential infrastructure that underpins high quality services. Hence the significant capital programme. The affordability of this programme has been helped by the identification of one-off capital and revenue resources but the programme still relies heavily on the Council increasing its borrowing in future years. The impact of this is built into the Medium Term Financial Strategy and will be kept under regular review with the aim of reducing the borrowing need if possible.
- 3.42 The Council's reserves and their usage is linked to both the capital and revenue budget. A full list of the current reserves held by the Council is attached at Appendix B and is reviewed in the attached MTFs. Although reserves are likely to reduce overall, this is a result of their use for the purposes they were established. The overall level therefore remains adequate.
- 3.43 The financial strategy does not include any further use of the General Fund Reserve at this stage but does assume that one off monies received from the Government for freezing Council Tax will be utilised to hold down increases in coming years. With levels of reserves standing below the London average, and continuing to reduce, reserves will continue to be monitored and reviewed regularly. Both the current and projected levels of General Reserve are expected to remain within the Council's agreed range of 5-10% of the Budget Requirement.
- 3.44 It should be noted that the Pension Fund Reserve is, in common with many other Pension Funds, showing a large deficit. The Council has a long term recovery plan for the fund but this faces continual challenges from reducing numbers contributing to the fund, increasing longevity of Members and volatile investment returns. Although recent market returns have been positive, increasing longevity combined with reduced discount factors are by far the most important factors and the increase in the former shows little sign of abating. The latest triennial fund valuation has just been completed and officers have agreed a stabilised position with the actuary so that contributions by the Council will be unchanged the next three years. The Council's Pension Fund Committee has received reports and presentations on this issue over the last year and will continue to monitor the Fund's performance on a regular basis.
- 3.45 In summary, the Chief Financial Officer (being the Director of Finance and Corporate Services) confirms that he is content that the estimates are robust for the purposes of the required budget/council tax calculations and that the Council's reserves are adequate.

4. FINANCIAL AND EFFICIENCY IMPLICATIONS

- 4.1 These are set out in the body of the report.

5. PROCUREMENT IMPLICATIONS

- 5.1 Improvements in procurement processes and outcomes forms a key part of the Council's efficiency programme. Included in the budget proposals are a number of new procurements which are anticipated to contribute to the overall savings targets for the Council.

6. LEGAL IMPLICATIONS

6.1 There are none arising directly from this report.

7. CONSULTATION AND ENGAGEMENT

7.1 The Council undertook a Residents' Survey in September 2012 which included key questions on their priorities for spending and opinion of the Council's approach to financial management. This was refreshed in 2013. The results have been used in formulating the budget strategy.

7.2 The Council attended a business breakfast organised by the Richmond Chamber of Commerce and will also circulate copies of the budget report and MTFs papers to major local businesses and business associations. Officers will continue to maintain contact with the local business community via the Chamber of Commerce.

7.3 Overview and Scrutiny Committees have also considered relevant detailed service budget reports and have the opportunity to comment before Cabinet recommends final decisions to Council.

8. POLICY IMPLICATIONS/CONSIDERATIONS

8.1 There are none arising directly from the report although the level of budget resources available is a major influence on the delivery of Council policy in all areas. The Council's budget is part of the Policy Framework and, therefore, requires the approval of Council.

9. RISK ASSESSMENT

9.1 The risks faced by the Council in relation to financial planning and budget setting are set out in the MTFs (Appendix C) and in paragraphs 3.34-3.45 of this report as part of the Director of Finance and Corporate Services' comments on Section 25 (2) of the Local Government Act 2003.

Many of the risks are similar to previous years but it is particularly worth noting the risks in relation to Government Funding, Treasury Management (investment and borrowing) and the potential for increasing inflationary and demand pressures.

10. EQUALITY IMPACT/CONSIDERATIONS

10.1 Appendix D considers the equality impact of major changes to the 2014/15 budget.

11. ENVIRONMENTAL CONSIDERATIONS

11.1 The level of budget available for different services has a direct impact on service delivery. The Council has made available both one off and ongoing funds in areas such as sustainable building, green business advice, waste and recycling which are aimed at improving the environmental impact of the Council and its partners

12. APPENDICES

Appendix A – Council Tax Bands 2014/15
Appendix B – Revenue Reserves
Appendix C – Medium Term Financial Strategy (February 2014 Update)
Appendix D – Equality Impact Assessment

13. BACKGROUND PAPERS

None

14. CONTACTS

Geoffrey Samuel, Deputy Leader and Cabinet Member for Finance and Resources

Email: cllr.gsamuel@richmond.gov.uk

Mark Maidment, Director of Finance and Corporate Services

Email: m.maidment@richmond.gov.uk

Council Tax Bands 2014/15

	Richmond Council Tax	Greater London Authority	Total Council Tax
Band	(2014/15)	(2014/15)	(2014/15)
	£	£	£
A	858.26	199.33	1,057.59
B	1,001.30	232.56	1,233.86
C	1,144.34	265.78	1,410.12
D	1,287.39	299.00	1,586.39
E	1,573.48	365.44	1,938.92
F	1,859.56	431.89	2,291.45
G	2,145.65	498.33	2,643.98
H	2,574.78	598.00	3,172.78

SECTION G

DESCRIPTION	Actual Balance at 1.4.13 £000	Transfers between reserves £000	Estimated Revenue Usage 13/14 £000	Estimated Capital Usage 13/14 £000	Estimated Additions 13/14 £000	Estimated Balance at 31.3.14 £000	PURPOSE OF RESERVE
STATUTORY RESERVES OVER WHICH THE COUNCIL HAS LIMITED OR NO CONTROL							
Schools	-11,184	*	*	*	*	-11,184	Ring fenced to schools
Home Loans Unit	-86	0	0	0	0	-86	Funds associated with former GLC mortgages (distributed across all London boroughs)
Thames Landscape Strategy	-78	0	35	0	0	-43	Ringfenced reserve managed on behalf of London boroughs
Schools' Maternity & Supply Cover Scheme	-545	*	*	*	*	-545	Internal insurance arrangement for supply and maternity cover in schools
Dedicated Schools Grant Reserve	-1,530	*	400	*	*	-1,130	Created from underspend of Dedicated Schools Grant. Earmarked for schools expenditure.
Orleans House	-516	0	60	0	0	-456	Balance of rent income received on trust assets managed by the Council. To be used in relation to the Orleans House site.
Sub total	-13,939	0	495	0	0	-13,444	
NON STATUTORY BUT ESSENTIAL RESERVES							
General Insurance Reserve	-2,974	*	*	500	-500	-2,974	Internal insurance fund (non vehicle). Revaluation is completed as part of the insurance tendering process.
Vehicles Insurance Reserve	-321	*	*	*	-30	-351	Internal insurance for Council vehicles
PFI Reserve (Future Liabilities)	-5,800	0	493	0	-242	-5,549	To allow for future smoothing of annual payments under PFI contracts
Sub total	-9,095	0	493	500	-772	-8,874	

SECTION G

DISCRETIONARY RESERVES CURRENTLY EARMARKED							
VAT Reserve	-105	0	0	0	0	-105	To cover potential tax liabilities
Schools Infrastructure Reserve	-150	0	0	150	0	0	To support expansion and improvement works to schools
All in One Uplift Projects	-1,258	0	0	0	0	-1,258	To support the development of Uplift projects and also projects resulting from the All in One Consultation/Twickenham Riverside
Project Development Reserve	-1,130	0	405	0	0	-725	To fund start-up costs and development costs of major projects (largely IT related)
Repairs and Renewals Fund	-2,600	0	0	444	-893	-3,049	Purchase or creation of assets providing benefits of at least 3 years
Social Services Special Equipment & Furniture Fund	-105	0	50	0	-50	-105	To fund purchase of small items of equipment for social services establishments
Commitments Reserve	-1,102	0	802	0	0	-300	Unspent revenue budgets carried forward for specific Cabinet approved projects (including in 2013/14 £500k voluntary sector funding)
Waste & Recycling Reserve	-3,079	0	875	0	0	-2,204	Used to fund Waste and Recycling Strategy
Youth Development Fund	-673	0	0	10	0	-663	Earmarked to fund an improvement scheme for Heatham House Youth Centre
Youth Centres Reserve	-230	0	0	50	0	-180	Income generated by youth centres (e.g. lettings) which is earmarked for re-investment within youth services
Climate Change Reserve	-534	0	134	0	-55	-455	To support the Council's Sustainability Team in reducing the threat of climate change, to cut carbon emissions and promote energy efficiency
Invest to Save Fund	-2,532	-325	290	0	0	-2,567	Funding for efficiency work across the Council, including significant allowance for redundancy costs
All in One Reserve	-100	0	43	0	0	-57	Used to finance activities to progress community involvement (as per Cabinet 15/12/11)

SECTION G

Economic Support Fund	-177	0	65	0	0	-112	Consolidation of Recession and Recovery Fund and Economic Development Fund
Connexions Legal Challenge	-325	325	0	0	0	0	To provide for potential costs associated with ending the joint Connexions service
Council Tax Freeze Grant	-2,896	0	0	0	-1,166	-4,062	To be used to contribute to minimising Council Tax in future years.
Way to Work Modern Apprenticeship Scheme Reserve	-113	0	20	0	0	-93	Unused grant income to be used in future years
Lincoln Fields	-113	0	0	0	-25	-138	Net income for Lincoln Field site to be put towards pitch re-surface as per Football Foundation agreement
Other Reserves	-311	0	81	0	-1	-231	Various small reserves (under £100k)
Sub total	-17,533	0	2,765	654	-2,190	-16,304	
GENERAL FUND							
General Reserve (available for any purpose)	-9,956	0	0	0	0	-9,956	To be used to contribute to minimising Council Tax in future years
TOTAL RESERVES	-50,523	0	3,753	1,154	-2,962	-48,578	

*Decisions on these reserves are normally taken as part of the final accounts process and so no changes are shown at this time



Medium Term Financial
Strategy

February 2014 Update

SECTION G

1. Introduction

This document provides an update to the Council's Medium Term Financial Strategy (MTFS). This summary seeks to update the overall economic background within which this MTFS is produced and draw out the major changes since the last MTFS update. In particular it continues to focus on the Administration's target of low or 0% Council Tax increases.

2. Key Objective of the MTFS

The key objective of the MTFS is:

- **To deliver a zero % Council Tax increase in the next year and work towards zero or sustainable low increases in the years beyond.**

In pursuing this aim, the Council will:

- be open and accountable.
- support the most vulnerable in the community.
- act as trustees for the natural and built environment of the Borough.
- focus expenditure on services of direct benefit to local residents.
- give local people a more direct say in Council services.

3. Context of the review of the MTFS

There are three key factors driving the review of the MTFS:

- Central Government policy in relation to deficit reduction
- Technical changes to the Local Government Finance System
- The requirement for the Council to achieve further expenditure reductions whilst maintaining the quality of services together with ensuring existing plans are fully implemented.

3.1 Deficit Reduction

The figures from the Office for Budget Responsibility set out below show how their forecasts have changed since March 2013.

Economic Growth

Economic growth has been higher than expected although there are concerns that it is consumer credit led growth which will slow in 2015 before picking up again in 2016.

%	2012	2013	2014	2015	2016	2017	2018
March 2013 forecast	0.1%	0.6%	1.8%	2.3%	2.7%	2.7%	N/A
Autumn Statement 2013	0.1%	1.4%	2.4%	2.2%	2.6%	2.7%	2.7%

SECTION G

Cyclically Adjusted Current Budget

The latest forecast shows that the budget is likely to be in surplus from 2017/18.

% of GDP	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
March 2013 forecast	-2.8	-1.7	-1.2	0.1	0.8	N/A
Autumn Statement 2013	-2.9	-2.0	-1.4	-0.2	0.7	1.6

Public Sector Net Debt

Forecasts indicate a minor reduction in debt as a proportion of GDP in 2016/17 with further falls afterwards.

% of GDP	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
March 2013 forecast	79.2	82.6	85.1	85.6	84.8	N/A
Autumn Statement 2013	75.5	78.3	80.0	79.9	78.4	75.9

In the June 2010 Budget, the Government set itself two medium-term fiscal targets for the current Parliament:

- to achieve cyclically-adjusted current balance by the end of the rolling, five-year forecast period
- “public sector net debt as a percentage of GDP to be falling at a fixed date of 2015-16

Last year’s MTFs Update noted that these targets would be delayed and this is borne out by the latest OBR figures. The difficulties involved in hitting these targets have meant that further reductions in Government expenditure were required and these were outlined in December’s Autumn Statement and Local Government Finance Settlement.

3.2 Technical changes to the Local Government Finance System

Last year saw the introduction of a new system of local government finance based on the partial retention of business rates by local councils.

Integral to the establishment of this new system was the Government establishing a baseline estimate of the level of business rates that Richmond should expect to collect. Once that baseline had been set the starting position was designed such that the new system would yield the same general grant to LBRuT as it would have received under the previous system. In effect this meant that Richmond remained at the bottom of the Government funding table.

The process for estimating the baseline position for the new system was based on historic patterns of business rate collection, expectations for appeals and an assumed level of growth in business rates. Different assumptions applied to each of these figures would have led to very different outcomes for the Borough. In the end the Borough estimated that it should be able to overachieve the target set and therefore, based on the fact that the new system allowed it to retain just under 30% of any amount collected above target, included a small overachievement assumption in its base estimates.

SECTION G

At the time of writing this update the Council expects to be achieve a higher level of business rates collection than budgeted in its original base estimates.

3.3 Progress to date on actions taken by the Council

The budget review report to Council on 6th July 2010 established a need to generate saving in the range of £28m to £33m. To date, some £27m of savings have been implemented and reflected in the Council's budget. There are further plans for some £4m of additional savings in 2014/15. In summary, the Council is on track to meet its original savings target. The savings achieved to date can be broadly categorised as £16m from internal restructuring and the sharing of services with other organisations, £9m from procurement and contract savings and £6m from income generation and inflation restrictions.

The funding issues raised elsewhere in this report will require additional savings to be identified and implemented in order to achieve the lowest possible Council Tax increases in future years.

4 Provisional Local Government Finance Settlement

4.1 The Government announced the provisional settlement on 18th December. The previous MTFs assumed an ongoing reduction in Government Grant which would leave the Council facing a funding gap in future years. This would have to be bridged for the Council to achieve its aims for Council Tax.

4.2 This year's settlement confirmed grant reductions of £4.6m and £4.9m for the next two financial years. However, the decision to add freeze grants from 2013/14 and 2014/15 into the baseline alleviates a significant risk for the Council in that we were previously unsure whether this funding would all drop out after 2015/16. This announcement gives the Council certainty over the continuation of up to £3.4m worth of Council Tax Freeze funding beyond 2015/16 if the Council were to continue its Council Tax freeze beyond 2014/15. Despite the grant loss, the Council is proposing to maintain its recent policy of freezing the Council Tax for 2014/15. This is possible as a result of further budgeted efficiencies and an increased Council Tax base.

Section 7 of this document sets out the expected future funding gaps still faced by the Council.

5. Capital Programme

5.1 A review of the capital element of the MTFs and the Capital Programme for 2013/14 to 2018/19 was begun by Overview and Scrutiny Committee in October 2013 and the final programme will be approved by Cabinet in February 2014. The programme includes new schemes totalling just over £27m, the largest of which is a £15m loan to the West London Waste Authority (WLWA). This Capital Programme totals around £129m during the 5 year period. Education projects (63% of the total programme over the next 5 years) continue to dominate the programme. This reflects the Council's investment plans for primary, secondary and special school places and the development of sixth forms (£21m). It is expected that this programme will now bring the number of extra primary school places since 2010 up to 3,990 (29.8% increase) by 2016 and provide a minimum of 1,800 (18.6% increase) secondary school places by 2017. It will also provide sixth form places rising over time towards 1,480 in total and 182 – 204 SEN places. There have been no major changes to the programme since the report in February.

5.2 The table below shows some of the key capital financing expectations for forthcoming years. Internal financing through capital receipts or the use of revenue funding / reserves has been increased but forms a diminishing element of financing over the next three years. This is because new capital receipts are expected to be very difficult to achieve during the current economic downturn and other revenue sources will become more limited. The funding gap for the programme is increasingly taken up by borrowing as time goes on. The increase in borrowing costs will be spread over a number of years as the Council will run down its internal cash holdings in the short term (see commentary in capital programme reports) which will help to limit its impact on Council Tax. In the long term the expected increase in borrowing nevertheless remains significant. Given the overall revenue projections it is clear that the Council will need to review its commitments for the future carefully to ensure they are affordable.

SECTION G

	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s
Total Capital Expenditure	76,613	29,791	8,629	7,974	6,399
Capital expenditure to be funded from revenue budgets, reserves and capital receipts	18,931	14,498	917	917	0
Capital expenditure to be funded from grants and contributions	11,116	3,858	3,858	3,358	3,358
Capital expenditure to be funded from borrowing (internal / external)	46,566	11,435	3,854	3,699	3,041
Estimated Borrowing Outstanding (Internal & External) at 31 st March	106.126	117.561	121.415	125.114	128.155

5.3 The current level of outstanding long term loans is £35.861m. The MTF5 allows for increases of £1.1 in loan interest costs over the next 5 years. Of this amount, £0.7m relates to the Education Programme with the remaining £0.4m relating to all other aspects of the programme.

6. Key Risks/Opportunities

6.1 The Council faces a range of risks which can potentially have a serious impact on its financial position. Set against these are a number of opportunities which may benefit the Council. The major identified risks are considered in more detail in Annex 3 and some of the key risks and opportunities are set out below:

Key Risks	Key Opportunities
<ul style="list-style-type: none"> • Failure to deliver extensive savings/efficiency programme • Long term reduction in Government funding for Council and partners • Failure to collect sufficient Business Rates income to support service expenditure • Increasing demand/cost of children's services • Increasing demand for adult social care • Impact of Care Bill reforms • Long term high inflation against reduced funding • Interest rates / borrowing costs • Pension costs • Impact of Welfare Reforms including potential for homelessness / social care costs to increase 	<ul style="list-style-type: none"> • Overall efficiency and transformation strategy • National economic recovery • Strengthening procurement function • Savings from shared services partnership working including joint commissioning • Short term Government Funding opportunities (freeze grant etc.) • Focussing services on those that are most important to the local public • Collecting more Business Rates than anticipated

6.2 In overall terms, the Council's plans for efficiency, longer term commissioning programmes e.g. developing integrated care, Achieving for Children, cost control and governance frameworks seek to ensure that the risks are mitigated and opportunities exploited where possible.

To give a feel for what effect changes different elements of expenditure can have on the Council's budget:

SECTION G

- A 1% increase or decrease in the pay award equates to approximately £0.6m or 0.6% of Council Tax
- Each additional £1m of revenue expenditure equates to a rise in Council Tax of approximately 0.9%.
- To reduce Council tax by 1% requires savings of approximately £1.1m.
- Borrowing of £1m over a 25year period adds approximately £80k per annum to the Council's expenditure.

6.3 The Council maintains a number of reserves and balances aimed at both protecting against financial risks and providing opportunities for targeted investment. The overall position is reviewed in Annex 4 of this document

7. Conclusion/Forward financial strategy

7.1 The table below sets out our current estimates of expenditure (see detailed lists in Annex 1 and underlying assumptions in Annex 2), at this stage, for the next three years:

	2014/15	2015/16	2016/17
	£000	£000	£000
Base Budget	161,505	160,389	161,382
Inflation	3,126	3,254	4,373
Government Led Changes	-462	628	-3,644*
Increases resulting from Outside Bodies	-1,707	-798	2,388
Demand led growth	740	540	1,040
Investment priorities	1,105	-828	468
Efficiency proposals / income generation	-3,998	-1,527	-888
Other Growth and Savings	80	-276	-1,292
LBRUT Budget Requirement	160,389	161,382	163,827
Formula Grant	-25,780	-20,372	-17,372
NNDR Retention	-24,673	-25,166	-25,166
Collection Fund	-750	-750	-500
LBRUT Council Tax Requirement	109,186	115,094	120,789
CTAX Base	84,811.93	85,211.93	85,611.93
CTAX Richmond Element	1,287.39	1,350.68	1,410.89
%age increase	0.00%	4.92%	4.46%
Council Tax at 0.0% = Funding Gap of:		5,393	5,180*
Council Tax at 2.0% = Funding Gap of:		3,145	2,866

*Dependent on freeze grant decision taken by next Council Administration

SECTION G

7.2 The figures in the model imply savings still to be identified of up to £10.5m in the medium term in order to deliver Council Tax increases not exceeding. For 2016/17 the figures assume a continuing pattern of reducing grant from Government but at a slightly lower rate than for 2015/16. At this stage it is difficult to predict with any accuracy whether this loss could be higher or whether other changes may be made to the grant system. Nevertheless it is clear that further work will need to be undertaken on the MTFs with the administration shortly after the local elections in 2014.

7.3 By continuing to take early action in relation to efficiencies and budget reviews, the Council has thus far positioned itself to achieve its savings targets and allow some leeway to both deal with unexpected demands and provide investment in priority areas.

8. Sensitivity analysis of projections

8.1 In any assessment of the future position of the Council, it is important to understand the main financial drivers which influence overall expenditure and the risks associated with them. The table below shows a high level breakdown of Council expenditure and income:

<u>Description</u>	<u>14/15</u> <u>£000</u>	<u>14/15</u> <u>%</u>
Employee Costs	71,718	23.1%
Premises Costs	14,359	4.6%
Transport Costs	6,824	2.2%
Supplies and Services Costs	16,966	5.5%
Third Party Payments *	105,133	33.8%
Transfer Payments	85,927	27.7%
Treasury	6,282	2.0%
Central Items	3,404	1.1%
	310,613	100.0%
Funded by:		
Income from Fees & Charges etc. **	-60,951	19.6%
Housing Benefit Subsidy	-67,503	21.7%
Government Grants:		
Revenue Support Grants / NNDR	-50,452	16.2%
Specific Government Grants	-21,770	7.0%
Collection Fund Surplus	-750	0.2%
Council Tax	-109,186	35.2%
	-310,613	100.0%

* Third Party Payments are mainly contract based expenditure and includes care budgets, waste collection and disposal, ICT expenditure.

** The largest elements of income are £11m from all forms of parking charges and £19m from Adult Social Care fees

The largest variable elements of the budget are staffing costs, third party payments and the income, predominantly from fees and charges for services. Relatively small changes in these have a significant impact on the overall financial position.

8.2 The budgeted impact of inflation is similar to previous years' projections, an allowance for a pay award of only 1.0% and continued pressure on suppliers to keep costs low. To put inflation in context, a 1% increase in staff costs equates to £0.6m and a 1% increase in other costs equates to £1.8m (excluding housing benefit payments). The model assumes that the budgetary effect of general inflation is restricted wherever possible and held low over the next 3 years

SECTION G

- 8.3 There has been consistent pressure on “demand led” budgets over the years reflecting the impact of demographic changes including a growing population, increasing numbers of school children, increasing numbers of elderly and children requiring care. The MTFs assumes that these pressures will continue into the future although they will be ameliorated to some extent by efficiency measures being undertaken. Although the exact impact of this cannot be known, there is a significant underlying risk related to the level of care that may be required as well as numbers of clients. The Council currently spends approximately £50m on the provision of care for all client groups so a 1% increase in costs or client numbers would cost £0.5m. This expenditure is mostly included in the Third Party Costs figure in the table.
- 8.4 The Council generates income from a number of key sources (e.g. planning fees, building control fees, parking charges) which are subject to fluctuation in difficult economic times. These and other income streams support large expenditure budgets which do not reduce in the same way as the income budgets thus putting pressure on the overall budget. Although income might be expected to stabilize in the future, there will remain the underlying risk of shortfalls. The Council currently budgets to collect around £61m in fees and charges. If the Council underachieved these budgets by 1%, it would lose £0.6m in income.
- 8.5 A further key variable is the level of Government support for services. This comes to the Council in a variety of ways e.g. Revenue Support Grant (RSG), retained Business Rates, specific grants and non-ringing fenced grants and, as discussed earlier, will be under severe pressure for the foreseeable future as the Government takes steps to reduce the public sector deficit. The total grant funding received from Government is currently £48m and the Council expects to retain £21m in Business Rates so each 1% reduction costs the Council £0.7m.
- 8.6 The overall impact of a 1% adverse change in these factors would be a cost to the Council of approximately £4.2m equivalent to around £50 on a Band D Council Tax. This clearly illustrates the potential impact of the volatile risk factors underlying the budget.
- 8.7 The current strategy is intended to maintain financial stability into the medium term. On current assumptions, as shown above, achieving savings of around £17m in the next 3 years would enable the Council to achieve or come close to achieving a zero % Council Tax rise. Each additional 1% reduction in Council Tax requires additional budget reductions of around £1.1m.

9. Key actions and reports in the next 6 months

- 9.1 The following summarises the key actions and reports that will impact on the Council's budgetary position in the next 6 months:
- Revenue and Capital outturn reports (May/June)
 - Review of budget strategy post local election (June/July)
 - Q1 monitoring report for 2014/15 (July)
 - Implementation of all savings programmes agreed for 2014/15
 - Continued implementation of updated procurement processes and strategy
 - Update on key elements of Commissioning Strategy
 - Performance monitoring reports
 - Final outturn report 2013/14 and reserves and balances review
 - Monitoring of impact of Business Rates Retention
 - Monitoring of impact of Welfare Reforms

The above will all be monitored via reports Finance and Performance O&S Committee and the Cabinet.

Analysis of Budget Changes

Description	2014/15 £000	2015/16 £000	2016/17 £000
Council Tax Requirement	107,503	109,186	115,094
<u>Inflation</u>			
Employees (Pay Award, Increments)	624	869	1,847
Contract Inflation	1,909	1,689	1,753
Prices General	998	1,120	1,148
Fees & Charges	-405	-424	-375
	3,126	3,254	4,373
<u>Government Grant Changes</u>			
Formula Grant / NNDR Changes	4,574	4,915	3,000
Additional Retained NNDR	-609	0	0
Specific & Other Grant Increases	-1,830	-828	-409
Specific & Other Grant Reductions	304	640	125
Changes to other Budgets from Grant Changes	-102	816	-5
National Insurance Changes	0	0	1,234
Council Tax Freeze Grant	-1,092	TBA	0
Council Tax Freeze Grant - Reserves Transfer	1,092	TBA	-3,355*
	2,337	5,543	590
<u>Impact of Outside Body / Grant Changes</u>			
Concessionary Fares	0	385	414
WLWA	0	-200	-100
Use of Freeze Grant	-1,800	-1,200	700
Other	93	217	140
	-1,707	-798	1,154
<u>Demand Led Growth</u>			
Care Services for Older People / LD	500	500	500
Care Services for Older People / LD NHS Funding	-500	-500	0
Looked After Children / SEN	700	500	500
Other	40	40	40
	740	540	1,040
<u>Investment Priorities</u>			
Treasury (Changes to the Capital Programme)	371	172	943
World War 1 Commemoration Programme	59	0	0
Village Plans	375	0	-375
Rugby World Cup	100	0	-100
Highways & Pavements	0	-1,000	0
Richmond Card	200	0	0
	1,105	-828	468
<u>Efficiencies / Income Generation</u>			
Efficiency Projects / Savings	-2,751	-1,218	-574
Children's Services Review	-600	0	0
Income Generation Schemes	-59	0	0
Supplies & Services Inflation Reductions	-488	-359	-364
Other Efficiencies	-100	50	50
	-3,998	-1,527	-888

SECTION G

Other Growth and Savings

Local Election	300	-300	0
Treasury (Effect of Interest Rate Changes)	198	24	-1,292
Other	-418	0	0
Collection Fund Surplus	0	0	250
	80	-276	-1,042

Final Council Tax Requirement

109,186	115,094	120,789
----------------	----------------	----------------

* Note the amount of freeze grant able to be built into the base figures for 2016/17 will be dependent on decisions made by the next Council Administration on 2015/16 Council Tax Freeze.

Acronyms used

WLWA West London Waste Authority
NNDR National Non Domestic Rates
HB Housing Benefit
HR Human Resources
LD Learning Difficulties
SEN Special Educational Needs

Significant Known/Committed Cost Pressures**Inflation**

Details of items included in the inflation figure are set out below.

Inflation – Salaries and General Prices

This needs to allow for the projected pay award in 2014/15, incremental progression on salaries and general price inflation. Salaries are assumed to increase by 1% in both 2014/15 and 2015/16, which is in line with Government statements on public sector pay. An allowance for a 2.5% pay award has been included for 16/17. No allowance has been made for inflation on other items except where stated below.

Inflation – Energy

Energy costs continue to be very difficult to predict with events overseas and currency values having an impact as well as changes in demand. For 14/15 there has been no inflationary increase as there is sufficient budget available to cover any inflationary pressures. For 15/16 and 16/17 an increase of 5.0% per annum has been included.

Inflation - Pensions

The Council has agreed an approach to delivering a higher degree of stability to future Pension Fund Contributions, meaning no increase is proposed for the next 3 years.

Inflation – Contracts

The Council has a significant level of outsourced services run under contract with the private and voluntary sectors. Most of these contracts have either specific inflation indices built into them (often RPI linked or industry specific) or require renegotiation on an annual basis such as social care spot purchases. For 2014/15, an inflation allowance has been included on a contract by contract basis. Beyond 2014/15, an allowance of between 2% and 3% has been included.

Inflation and the economy also impact on the value of capital contracts. As inflation and the economy recovers it is possible that building prices will start to rise again. The Council will continue to manage this within its existing capital programme.

Capital Financing Costs / Investment Income

The Council still has a significant capital programme and, although much is funded through Government Grant, the current plans would still see an increase in the underlying need to borrow (either internal and external) of £68.7m over the next 5 years. This, combined with continuing low rates of interest from a declining level of investments, is built into the forward strategy but is subject to review for affordability on an annual basis.

Adult Social Services growth and efficiency measures

The restructure and modernisation of these services has continued to yield both performance and efficiency gains. Nationally, the Government has recognised that rising demand on social care and health budgets represent one of the greatest pressures on public finances. This has led to a greater drive for integrating care and the introduction of the Care Bill and the Better Care Fund.

Primary School expansion and Secondary School / Sixth Form investment

The Council has for some time identified a need to both improve its secondary/special school estate and meet the continuing growth in demand for places. The current administration also has a key priority to support the development of sixth forms in all secondary schools.

The Council's capital programme allows for significant expansion in spend to support these investments and this is allowed for in the MTFS.

SECTION G

Special Educational Needs / Social Care for Children

Continues to be an area where costs are increasing and where individual placements can have a significant impact on budgets (although much of the SEN costs are borne by the Schools budget). This will be kept under close review throughout the year.

Waste Disposal Costs

This has proved to be a volatile area of expenditure for the Council in the recent past. Changes in the administration of West London Waste Authority, together with the Authority's procurement of new waste disposal options, along with continuing efforts to minimise residual waste, should reduce budget expectations in the future. These issues have been the subject of separate reports to Members.

Concessionary Fares

The plan currently allows for an increase of 7.5% in 2015/6 and 2016/17 (a combination of fare and usage increases). The 2014/15 budget for Concessionary Fares is £7.7m.

Risks and Opportunities

The identification and Achievement of Savings Plans

The MTF5 is modelled on the basis that the Council will achieve all the savings targets it sets within the agreed timescales. The focus of the plan is across all the next 3 years not just 2014/15. With a continuing savings programme and reducing staff numbers, the capacity to deliver such change represents a substantial challenge. This has been recognised in the risk work the Council has done and processes have been set up to ensure all the plans are closely monitored, that pump priming funding is available and that opportunities to work better/differently are fully explored. At present there is additional uncertainty due to national figures only being available for 2 years and the impending local election. It is likely that further efficiencies/savings will need to be identified for this three year period.

Current economic climate

The current economic climate, although improving, continues to present one of the most significant challenges to the Council with its impact on government funding, income streams and the local economy. Recent Government statements are clear that public sector funding reductions are likely to continue beyond 2016/17.

Government Funding

The Government has set out a 9% reduction in resources for Local Government in 2014/15 and a further 8% in 2015/16. No figures have been announced beyond this period.

Business Rate collection

The new system of local government finance passes a significant financial risk to local authorities in that the failure to collect the target level of Business Rates will result in direct financial loss. Whilst Richmond has a good record of collection, economic pressures on businesses could put this at risk. Conversely, a proportion of any additional income generated by the Council can be retained in future years.

Looked after Children Budgets

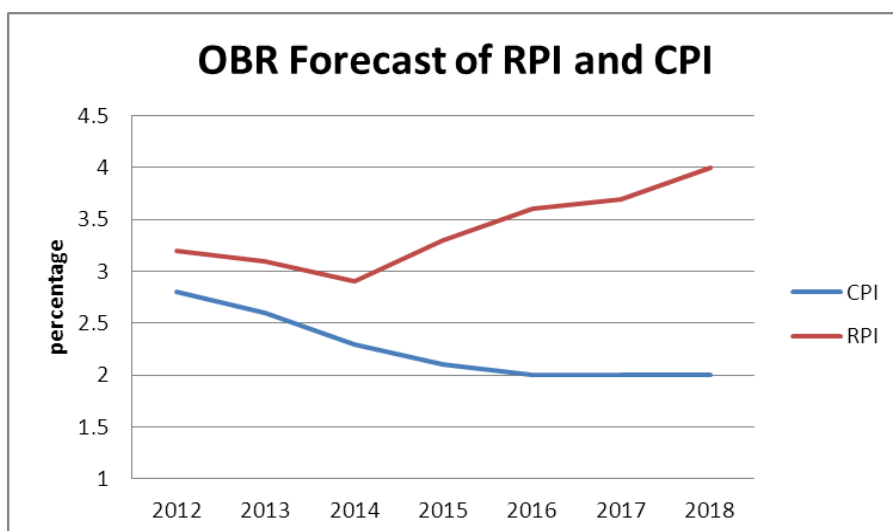
The numbers and costs of Looked After Children have continued to grow over the last few years. Although some allowance for this has been made in the MTF5, the risk remains that further resources will be required.

Adult Social Care

The full impact of the Care Bill cannot currently be assessed but demand for adult social care is likely to continue to provide one of the key pressures on the Council's budget in future years.

Inflation

The UK's inflation rate, as measured by the Consumer Prices Index (CPI), fell to the Government's target of 2% in December 2013 which is ahead of the forecast set by the Office for Budgetary Responsibility (see graph below). The graph shows that the Government's target of 2.0% was expected to be achieved and sustained by 2015/16.



SECTION G

The Retail Prices Index (RPI) rose to 2.7% in December 2013 and the OBR forecast shows a widening gap between RPI and CPI. This is important for the Council as pay awards and some contracts tend to be pegged to the RPI whereas Government funding uses CPI. The expected impact of changes in inflation is set out in Annex 2.

Investment Income/Capital Investment

The Council has a significant investment portfolio and a growing demand for borrowing. Therefore the revenue budget is more vulnerable to interest rate movements. The Council has taken an explicit decision to reduce the level of its investments as part of managing this risk in the short to medium term but expects the gap between investment and borrowing rates to narrow in the medium term.

Pension Fund

The Council has agreed an approach to delivering a higher degree of stability to future Pension Fund Contributions, meaning no increase is proposed for the next 3 years. However, contributions remain under constant pressure from increasing longevity of fund members.

Welfare Reforms

A number of major reforms to the welfare system were implemented in 2013/14 including localisation of Council Tax Benefit (with a 10% cut in government funding), localisation of the Social Fund, changes to Local Housing Allowances, benefit cap and under occupancy rules (Bedroom Tax). The Council continues to monitor the potential cumulative impact of these changes which could result in additional expenditure for the Council on homelessness and adult social care.

Strengthening the Procurement Function

Improvements in procurement offer a significant opportunity for the Council to reduce the cost of bought in services through changes in service specifications and improved pricing. By the end of 2014/15 the Council expects to have achieved savings of over £9m from procurement and contractual changes.

Savings from shared services partnership working including joint commissioning

The Council has a number of projects in this area including Achieving for Children, four Borough HR and Legal Services, shared audit services and various integrated care services. In principle, these offer significant opportunities to generate efficiencies and their successful implementation is key to the Council's budget strategy. It should however, be noted that Achieving for Children in particular represents a major change to the way the Council provides services and that clearly also carries a higher level of risk.

Review of Revenue Reserves and Balances

In summary, the Council's reserves position (excluding unspent specific grants and contributions) as at 1st April 2013 was as follows:

	<u>£m</u>
Statutory reserves over which the Council has limited or no control	13.9
Non statutory but essential reserves	9.1
Discretionary reserves currently earmarked	14.6
General Fund	10.0
Council Tax Freeze	2.9
Total	50.5

Excluding schools, reserves stood at £37.3m which was just above the minimum level discussed in the "Minimum Reserves Policy" report considered by Finance and Performance Overview and Scrutiny Committee in June 2011. The minimum reserves policy has been reviewed with the Lead Member for Finance and one change has been made to now include a separate category for Council Tax Freeze Grant which the Administration have made a commitment to use to hold down future years Council Tax increases. Excluding this new category of reserve (freeze grant was not available when the minimum reserves policy was set) the overall level of non-statutory reserves would be just below the level discussed by Overview & Scrutiny in 2011. It is not considered necessary at this time to revise the policy.

The budget report for 2014/15 contains a full list of revenue reserves and balances with an analysis of expected changes in the current year which indicate that there is projected to be an overall reduction of just under £2m by the end of 2013/14. Excluding schools this would mean that the projected balance at the end of 2013/14 would be around £35.7m (or just under £32m excluding freeze grant) and would have fallen for the 4th successive year. This will be subject to further review alongside the final outturn figures, when projections for 2014/15 and 2015/16 will be considered.

To put the above into context it is worth noting that comparing LBRuT with other London Boroughs (2012/13 figures) shows that the Council had below average levels of general fund reserves even when weighted for size of population. The Audit Commission report "Striking a balance" also gives some national context showing reserve levels varying from 8% to 106% of single tier and county council net revenue budgets. The Commission report accepts that there is "no set formula" for determining appropriate levels of reserves and suggests 11 questions Members should consider when reviewing reserves; these are set out in a table at the end of this Annex, together with responses from the Director of Finance and Corporate Services. The remainder of this Annex focuses on the detail of the Council's reserves and their expected movement.

It is extremely difficult to predict the future level of all reserves and some, such as insurance and pension reserves, involve year end calculations. For school balances in particular, projections provided by schools have proved unreliable in the past (overall schools balances rose by 148% or almost £9m over the 4 years up to 2012/13). Following the transfer out of reserves relating to academies it is not possible to provide the same overall comparisons to earlier years.

With the exception of the General Fund Reserve, the remainder of the funds are held for specific purposes and have specific Cabinet Members responsible for them. In 2012/13 gross expenditure from reserves totalled just under £8m and for the current year this is expected to be just under £5m.

From a strategic viewpoint, the Administration has focussed the reserves on targeted investment in key Council priorities. In particular this investment has gone into improving schools, repairing pavements and highways, investing in community and efficiency / savings programmes. The planned and potential use of the following reserves is particularly important in formulating current budget proposals:

SECTION G

The **General Fund Reserve** – by its nature, not earmarked for any specific purpose – is identified to protect the Council against unexpected fluctuations in its financial position/budget and to provide short term Council Tax protection against the impact of major changes in funding (Government Grant/Policy Changes). It now stands at £9.96m following planned reductions. At just over 6% of the net budget (excluding schools), this is within the Council's agreed range and there are no plans to reduce this further. Using the current policy of maintaining general reserves at 5%-10% of net budget, this will only allow very limited flexibility for further use in support of either one off initiatives or helping to manage future Council Tax increases. Such decisions will be taken alongside the detailed budget proposals for the Council each year.

The next largest discretionary fund that the Council has established is the **Waste and Recycling Reserve** which has been used (along with a significant element of the R&R Fund) to meet the costs associated with changes in waste collection and recycling. This was set up as very much an "invest to save" initiative aimed at avoiding the increasing costs associated with Landfill Tax. Following the changes in the administration of West London Waste Authority, together with the Authority's procurement of new waste disposal options, along with continuing efforts to minimise residual waste, the need for this reserve is once again reduced. It is planned, therefore, that it will be gradually run down against expected remaining increases in the waste disposal levy.

The Invest to Save Fund stands at £2.5m. As well as providing investment to pump prime efficiency initiatives, the remainder is held against the expectation of significant redundancy costs as the Council continues to reduce its staffing and restructure its services.

The **Repairs and Renewals fund** stands at £2.6m and is expected to rise by around £400k this year as repayments to the fund will exceed the payments out. This reserve will continue to replenish in line with scheduled repayments in future years and the final targeted level needs to be reviewed alongside the changing nature of the Council's service provision.

The **Project Development Reserve** is projected to continue reducing this year. The majority of this reserve provides funding for essential upgrades and investments for IT systems and infrastructure and it may be appropriate to merge this with Invest to Save fund in future years. Only two other reserves exceed £1m; the **Uplift Reserve**, which is scheduled for use to support the major uplift programmes already agreed by Members; and the **Council Tax Freeze Reserve** which is agreed to be spent in holding down Council Tax increases across the next 4 years.

Overall reserve position

Overall reserves and balances (excluding schools) stood at £37.3m million at the end of the 2012/13 financial year and we currently project they will reduce to around £35.7m by the start of 2014/15 (or £31.7m if the new Freeze Grant Reserve is excluded).

SECTION G

Table: Suggested Questions from Audit Commission report “Striking a balance”

How much is held in reserves	
<p>1 How much does the council have in its reserves – in cash terms and relative to spending? How do total reserves compare with those held by councils facing similar circumstances?</p>	<p>The Council holds £37m in revenue reserves at the start of 2013/14 (excluding unspent grants and schools) which represents approximately £190 per head of population and 12% of gross expenditure. The equivalent average for London Boroughs is over £300 per head.(we do not have gross expenditure comparisons)</p>
<p>2 How have reserves changed in recent years – in cash terms and as a percentage of spending? How do changes compare with those made by councils facing similar circumstances?</p>	<p>Reserves have reduced over the last 4 years and are expected to continue to reduce marginally in 2014/15 both as a percentage of net revenue budget and in cash terms.</p>
What reserves are held for	
<p>3 What are the risks or future spending plans for which the council is holding reserves?</p>	<p>See detailed reserves analysis attached to the budget report. Each reserve has a specified purpose and an allocated Cabinet Member.</p>
<p>4 What proportion of reserves is: > held to cover short-term financial risk? > held for medium- and long-term risks or spending plans? > ring-fenced income that can only be used for specific purposes</p>	<p>The Council does not analyse against these suggested headings but broadly the general reserve of just under £10m and the insurance reserves of around £3m cover general risks and all other reserves are held to support spending plans. A full analysis is included in the Budget report.</p>
<p>5 Are the levels of the council's different reserves appropriate to the risks it faces and the scale of its future spending plans?</p>	<p>For Member judgement - The Director of Finance and Corporate Services views are included in the budget report.</p>
<p>6 How is the need for reserves determined? At what point(s) in the financial year is the need for reserves assessed? When was the need for reserves last reassessed?</p>	<p>Reserves are reviewed at least twice per year – during budget and medium term financial plan revision and after closing of accounts. The Cabinet Member has set and reviewed the minimum reserves policy</p>
Contingency funds	
<p>7 Apart from reserves, what, if any, funds does the council hold, corporately or within service budgets, to provide protection against unplanned costs?</p>	<p>The Council holds a general contingency of £500k in its revenue budget and a contingency of just over £600k to meet up to 1% pay award for 2014/15.</p>
The relationship between reserves and council tax	
<p>8 Is the interaction between spending, income, movements on reserves and council tax clear to elected members and the public?</p>	<p>For Member judgement - This is explained in the Budget report and the MTFs. Other documents are produced during the year but public and member understanding is not explicitly “tested”.</p>

SECTION G

Unplanned movements on reserves	
<p>9 In each of the last three years, what difference has there been between the movements on reserves the council expected when setting its budget and the movements that occurred when closing the accounts (as a percentage of spending)?</p> <p>> How much of the variation was the result of factors within the council's control?</p> <p>> What can the council learn to improve the accuracy of future budget projections and financial management?</p> <p>> Are any adjustments needed to correct unplanned movements on reserves?</p>	<p>2009/10 planned £1.8m decrease, actual £1.7m increase – creation of invest to save fund from additional underspend.</p> <p>2010/11 planned £5.8m decrease, actual £1.1m decrease– main reason for change was the re-profiling of use of schools infrastructure fund (to ensure Govt Grant maximised)</p> <p>2011/12 planned £4.0m decrease, actual £1.9m decrease – number of changes including higher S106 balance</p> <p>2012/13 planned £4.5m decrease, actual £2.9m decrease – the main change being the addition of £1.1m of carry forward commitments agreed.</p>
Information for decision making	
<p>10 Does advice from the chief finance officer on the adequacy of reserves make clear what reserves are needed and why?</p>	<p>For Member judgement - See comments in MTFS and Budget report.</p>
<p>11 Do elected members need any additional support to make informed decisions on the level of reserves?</p>	<p>For Member judgement/consideration.</p>

Introduction

The Council is obliged to set a balanced budget and commensurate Council Tax level in accordance with the Local Government Finance Act 1992.

The Council must also, in the exercise of its functions, comply with the requirements of the Equality Act 2010 and in particular section 149 (the Public Sector Equality Duty). The purpose of this assessment is to look at possible equalities implications of the overall budget and significant specific proposals included within it.

For 2014/15, the key features of the proposed budget are:

- A freeze in the Richmond element of the Council Tax
- Budget Reductions

Methodology

The analysis is split into 2 parts:

- The impact of freezing the Council Tax
- The impact of significant specific proposals which are included in the overall budget

Freezing the Council Tax

In terms of Council Tax liability, residents fall into one of the following 4 categories:

1. Those liable to pay full Council Tax
2. Those eligible for some form of discount or exemption (other than Council Tax Support)
3. Those eligible for Council Tax Support
4. Those with no Council Tax liability

A 1% increase in the Band D Council Tax would result in a cash increase of £12.87 per year for those required to pay the full charge.

Group 1 - Those liable to pay full Council Tax

No resident in this group will be financially disadvantaged by the decision to freeze the Council Tax. The freeze will mean that there is less pressure imposed on household budgets which may be constrained by the lack of a pay award and increased costs in areas such as fuel costs.

SECTION G

Group 2 - Those eligible for some form of discount or exemption (other than Council Tax Support)

As per Group 1 but the relative benefit is proportionately less. For example, a Band D taxpayer who is eligible for Single Person Discount would avoid an increase of £9.65 rather than £12.87.

Group 3 – Those eligible for Council Tax Support

For those eligible for Council Tax Support, the effect is neutral in that any increase would have been covered by an increase in their Council Tax Support.

Group 4 – Those with no Council Tax liability

The effect on this group is neutral.

Specific Service Budget Proposals

The table below sets out the key service related proposals which are included in the proposed budget, together with comments and references where EINAs have already been undertaken.

Service	£000	Comment
Adult and Community Services		
Workforce Development	-150	EINAs - Adults Workforce Development Policy published June 2013, Adults Vocational Qualifications Centre published January 2012
ZBB - Reablement	-350	EINA for Richmond Response and Rehabilitation Team published July 2013
Eff - Adult Care Provision	-230	EINAs for Adult Care Provision published January 2013, Supported Employment Service published November 2012
Eff - Integrated Care	-300	EINA for Richmond Response and Rehabilitation Team published July 2013
Commissioning Domiciliary Care	-90	EINA for Home Support Service published during 2012/13
Adult Social Care Commissioning	-300	EINA for Better Care Closer to Home: Out of Hospital Care Strategy published December 2013
Care UK Contract	-500	Procurement saving. No impact on front line services

SECTION G

Education, Childrens' and Cultural Services		
Childrens' Services	-600	EINA published January 2013
Environment		
Waste and Recycling	-350	The anticipated savings quotes are based on the current market conditions. An EINA will be undertaken on any changes to the current specification
Finance and Corporate Services		
New Payroll Provider	-150	Procurement saving. No impact on front line services
ICT Contract	-250	Procurement saving. No impact on front line services
Removal of 75% Council Tax exemption for unfurnished and unoccupied properties		This will predominantly affect landlords whose properties are between lettings.
Restriction of Council Tax Support to Band E		Scheme includes protections for pensioners and anyone deemed vulnerable – Disability premia etc.

Conclusion

The proposal to freeze Council Tax is unlikely to have any equalities implications.

For the individual service proposals, they are in, general, re-provision of existing services where different delivery models have been introduced as part of the Council's drive to maintain service quality whilst reducing costs.

Each EINA includes key findings and action points in relation to each service to ensure that any identified issues are monitored and managed.

SECTION H

LONDON BOROUGH OF RICHMOND UPON THAMES

CABINET

DATE: Thursday 13th February 2014

REPORT OF: DEPUTY LEADER AND CABINET MEMBER FOR RESOURCES

TITLE OF DECISION CAPITAL PROGRAMME 2013/14 - 2018/19

WARDS: (All Wards);

KEY DECISION?: YES

IF YES, IN FORWARD PLAN?: YES

For general release

1. MATTER FOR CONSIDERATION

- 1.1 This report considers the 6 year Capital Programme (2013/14 – 2018/19), details new schemes and looks at how the Capital Programme is funded.

2. RECOMMENDATIONS

- 2.1 That the schemes identified in Appendix A be approved for inclusion in the 2014/15 Capital Budget.
- 2.2 That Cabinet note the proposals in Appendix A for financial years 2015/16 to 2018/19.
- 2.3 That Cabinet approve the two Local Prudential Indicators detailed in para 7.3 and included in Appendix B, with the requirement to report any breach of these limits to Cabinet.
- 2.4 That the overall Capital Budget for 2014/15 be RECOMMENDED to Council for approval in March as part of the Council's financial strategy.
- 2.5 That the Prudential Indicators in Appendix B be RECOMMENDED to Council for approval in March.

3. DETAIL

- 3.1 A review of the Capital Programme was reported to Finance and Performance Overview and Scrutiny Committee in October 2013. This report builds upon and reflects the main changes since that report.
- 3.2 The Capital Programme (Appendix A) has been updated to reflect changes since October 2013.

SECTION H

- 3.3 The current programme of investment will build upon the Council's achievements to date in increasing the number of school places since 2010. The table below gives a breakdown of this:

	Places Created From 2010 to September 2013	Further Places to be Created	Total
Primary Places	2,070	1,920	3,990
Secondary Places	180	1,620	1,800
6th Form Places	0	1,480	1,480

- 3.4 Through investment in the Housing Capital Programme the Council has helped to part fund the creation of 195 new Affordable Housing Units since 2010, with a further 126 units due to be completed.
- 3.5 The largest other areas of spend are highways and uplift schemes. Key achievements in these areas include:
- The repair of approximately 32,000 potholes since 2010
 - The treatment of 59km of carriageway since 2010
 - Significant improvements in Twickenham, Hampton and Whitton through the Uplift Programme.

4. The Programme as Reported to October Finance and Overview and Scrutiny Committee

- 4.1 The current programme primarily relates to Education schemes, with approximately £110.0m allocated to the borough's schools and sixth forms. £10m is allocated to Affordable Housing projects and £11.6m is included for the Uplift schemes.
- 4.2 A further £15m was added to the programme for the Loan to West London Waste Authority (WLWA). A report was presented to Cabinet in June 2013 regarding this scheme and details of it were given in the October report.
- 4.3 Furthermore, TfL schemes were added (£4.5m), Depot Improvements (£0.3m), Homelink Respite Centre (£0.8m), Section 106 schemes (£0.2m), and additional budget towards Clifden Primary school (£0.8m). Details of these schemes are outlined in the October report.
- 4.4 The Capital Programme approved by Cabinet in January 2013 and the review report presented to Finance & Performance Overview and Scrutiny Committee in October collectively added a further £46m to the Capital Programme. Progress to date on the main schemes added to the programme in that period are below:

SECTION H

Scheme	Budget £m	Actual to Date £m	Explanation
WLWA	15.0	0.7	The project agreement was signed on 27 th November 2013. Payments will be made on achievement of construction milestones with the final payment currently anticipated in June 2016.
Additional School Places	11.3	0.1	The Vineyard School expansion is now on site and Nelson School will be on site in February 2014.
New School	10.0	0	The development would contain a new building and facilities for the College, a new built-for-purpose home for Clarendon School, a new UK headquarters for Haymarket and a new secondary free school to open in 2017. If Ministers approve the proposal, the school will be a five form entry, non-selective, co-educational, non-faith secondary school, with sixth form provision at the College

5. New Schemes

5.1 The following schemes and budget increases have been approved and added to the Capital Programme since the October report:

Scheme	Budget £000
Additional Schools Budget	3,200
Highways and Pavements (Cabinet February 2014)	1,000
Transport for London Funded Schemes	527
Additional Budget Towards Homelink Respite Centre	250
Community Road Fund	250
Other Minor Schemes	326
Total	5,553

5.2 An explanation of these schemes are given in Appendix D.

SECTION H

- 5.3 These new schemes are funded via grants (£0.9m), revenue resources (£1.4m), S106 receipts (£0.1m) and borrowing (£3.2m).

6. Financing of the Capital Programme

- 6.1 The Capital Programme is financed via grants, contributions, capital receipts, revenue resources and borrowing. The total capital budget for the next 6 years is £188.3m and a summary of the financing is below:

	£m
Capital Budget 2013/14 to 2018/19	188.3
Funded from Grants & Contributions (Incl. S106)	-49.0
Funded from Revenue Grant (Revenue Financing)	-5.7
Funded from Capital Receipts	-37.1
Funded from Earmarked Reserves & Revenue	-7.9
Balance Funded from Borrowing	-88.6

- 6.2 When the 6 year programme was reported to Cabinet in January last year the borrowing requirement was £75.2m. The table below gives a summary of the change in the borrowing requirement:

	£m
Borrowing Requirement as at January 2013	75.2
Refinancing at Outturn (12/13)	-4.3
Loan to WLWA	15.0
Additional Targeted Basic Needs Grant financing	-2.2
Add in borrowing for 2018/19	3.0
Borrowing Requirement as at October 2013 (As per O&S Report)	86.7
Further Refinancing (Revenue Resources & S106 Receipts)	-3.8
Additional Schools Budget	3.2
Change in anticipated Capital Receipts	2.5
Borrowing Requirement as at January 2014	88.6

- 6.3 These figures are based on resources currently identified to fund the Capital Programme. If further funding becomes available, for example, additional capital receipts or grant funding then the need to borrow will be reduced. New schemes should be added to the programme as new priorities are identified, not as new funding becomes available. New funding can only be used to increase the capital budget when that funding is ringfenced for a particular purpose.
- 6.4 The borrowing requirement in the Capital Programme shows the level of future expenditure not funded from any other resources. This therefore needs to be funded from formal borrowing (from external sources) or from shorter term cash flow borrowing (internal borrowing).

7. Prudential Indicators

- 7.1 Since the relaxation of the Government's control of borrowing using quotas, all councils have been required to set their own Prudential Indicators. These

SECTION H

demonstrate that they have considered the borrowing they need to undertake to finance their capital programmes, and deem it to be affordable, sustainable and prudent, as well as in line with the regulatory limits (mainly that borrowing should not be done too far in advance of the capital spend it is financing).

- 7.2 These indicators are based on estimated capital spend, interest costs, and other Council budgets. All the required indicators are given in Appendix B along with explanations of their purpose and outcomes.
- 7.3 This year it is proposed that 2 further Local Indicators (L1 & L2 in Appendix B) are adopted. These indicators will :
- Limit the proportion of Council Tax which is spent on external loan interest to a maximum of 4%.
 - Limit the proportion of long term assets which are financed from external loans to a maximum of 15%.
- 7.4 As these are voluntary, local indicators there is no statutory requirement to comply with them. Members are therefore asked to agree that these limits be set, and that any breach of these limits should be reported to Cabinet.

8. FINANCE AND EFFICIENCY IMPLICATIONS

- 8.1 The Capital Programme has a borrowing requirement of £88.6m over the next 6 years, an increase of £1.9m on the October report. This increase results from delays in achieving capital receipts, offset by refinancing of £3.8m (from grants, revenue reserves and S106 receipts) giving an overall increase in the borrowing requirement of £1.9m.
- 8.2 Using the estimated cost of borrowing of 8% (allowing for principal and interest charges) every £1m of borrowing would cost £80k per year, by the end of 2018/19 this would cost £7.1m, if the Council had to borrow £88.6m over the next six years. Officers will continue to work on reducing the need to borrow by looking at new funding sources and reviewing the use of existing balances.
- 8.3 The timing and funding of capital expenditure has a direct impact on the level of Council cash balances and the level of borrowing. Therefore, any changes to the Programme have an impact on the Treasury Management Position.

9. PROCUREMENT IMPLICATIONS

- 9.1 There are no procurement implications arising directly from this report. Works required for approved capital schemes will be procured in line with legislation and Council procedures.

10. LEGAL IMPLICATIONS

- 10.1 None specifically in relation to this report.

11. CONSULTATION AND ENGAGEMENT

- 11.1 No consultation was undertaken specifically for this report. Consultations are carried out for capital schemes as required.

SECTION H

12. WIDER CORPORATE IMPLICATIONS

12.1 POLICY IMPLICATIONS / CONSIDERATIONS
--

The new demands identified in this report are all driven from the Council's key priorities and feedback received as part of consultation exercises.

12.2 RISK CONSIDERTATIONS

Please refer to Appendix C.

12.3 EQUALITY IMPACT CONSIDERATIONS
--

None arising from this report.

12.4 ENVIRONMENTAL CONSIDERATIONS
--

None arising from this report.

13. BACKGROUND INFORMATION:

None.

14. BACKGROUND PAPERS

None.

15. APPENDICES

Appendix A – Capital Programme
Appendix B – Prudential Indicators
Appendix C – Risks
Appendix D – New Schemes

16. CONTACTS

Mark Maidment, Director of Finance and Corporate Services
Email: m.maidment@richmond.gov.uk

Cllr Geoffrey Samuel, Deputy Leader & Cabinet Member for Finance and Resources
Email: cllr.gsamuel@richmond.gov.uk

SECTION H

Appendix A - Capital Programme 2013/14 to 2018/19

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	Total
ECCS							
Devolved Formula Capital	220	258	258	258	258	258	1,510
Teddington (BSF)	12	0	0	0	0	0	12
Academies							
Hampton	3,225	1,953	0	0	0	0	5,178
Twickenham	3,224	2,501	0	0	0	0	5,725
Primary Places Phase 1&2							
St Mary's & St Peter's	156	188	102	0	0	0	446
Orleans Infant	32	19	0	0	0	0	51
Chase Bridge	176	58	137	0	0	0	371
Stanleys	1,153	585	160	0	0	0	1,898
Buckingham Phase 2	1,108	189	44	0	0	0	1,341
Lowther Permanent Expansion	188	19	0	0	0	0	207
St John's Site for St Mary's Expansion	38	345	0	0	0	0	383
Nelson	240	10	0	0	0	0	250
Amyand House	177	0	0	0	0	0	177
Other/Primary Expansion Project Abnormals	232	35	542	0	0	0	809
Primary Places Phase 3							
The Vineyard Permanent Expansion	979	2,396	255	0	0	0	3,630
Orleans Infant	1,423	40	0	0	0	0	1,463
St Stephen's Junior	1,210	16	0	0	0	0	1,226
Hampton Wick Infant	2,445	175	0	0	0	0	2,620
St John the Baptist Junior	1,072	756	0	0	0	0	1,828
Heathfield Infant and Junior	2,124	1,720	423	0	0	0	4,267
St Elizabeths	333	6	0	0	0	0	339
Clifden Primary Expansion	2,069	267	66	0	0	0	2,402
Nelson Construction	331	2,383	116	0	0	0	2,830
Schools General Planned Maintenance	917	2,041	866	866	866	866	6,422
SEN 14-19							
Darell	15	39	17	0	0	0	71
Christ's CE	50	0	0	0	0	0	50
Grey Court	59	0	0	0	0	0	59
Orleans Park	45	0	0	0	0	0	45
Waldegrave	8	0	0	0	0	0	8
6th Forms, 14-19 Diplomas, SEN & Disability Adjustments	0	0	94	0	0	0	94
Children's Centres	113	0	0	0	0	0	113
Modernisation	0	240	0	0	0	0	240
Youth Facilities	10	196	0	0	0	0	206
Sixth Forms Programme	10,597	19,749	993	0	0	0	31,339
Additional School Places	420	7,265	15,245	0	0	0	22,930
Basic Needs - Additional Grant	0	0	0	0	2,500	2,500	5,000
Liquid Logic ICT System	121	0	0	0	0	0	121
Croft Centre	13	51	0	0	0	0	64
Additional secondary school	0	10,000	0	0	0	0	10,000
TOTAL ECCS	34,535	53,500	19,318	1,124	3,624	3,624	115,725
ACS							
Housing	2,710	1,842	1,775	1,775	1,775	200	10,077
Improvement Grants	1,777	2,085	1,345	1,345	1,345	1,345	9,242
Other ACS Schemes							
Management Information System	6	28	0	0	0	0	34
Extra Care Housing - Feasibility defined as Capital in Grant Conditions	0	335	0	0	0	0	335
Adaptations and Equipment Assessment Centre	5	0	0	0	0	0	5
Kingston Lane Adaptations	73	100	0	0	0	0	173
Langdon Park	7	12	0	0	0	0	19
Queens Road Hostel - Kitchen Improvements	32	0	0	0	0	0	32
Queens Road Hostel - Bathroom Improvements	22	0	0	0	0	0	22
Homelink Dementia Centre (St Augustine's)	760	250	0	0	0	0	1,010
CCTV Camera Wireless Conversion	83	0	0	0	0	0	83
TOTAL ACS	5,475	4,652	3,120	3,120	3,120	1,545	21,032
ENVIRONMENT							
Street Lighting	495	500	500	500	0	0	1,995
Parks Cyclical Maintenance	161	150	150	150	150	150	911
Principal Road Restructure	138	140	140	140	0	0	558
General Planned Maintenance	1,046	1,540	1,080	1,080	1,080	1,080	6,906
Uplift Schemes/Twickenham Area Action Plan	3,680	5,960	0	0	0	0	9,640
Highways and Pavements	2,256	2,000	1,000	1,000	0	0	6,256
Parks Strategy	638	976	600	600	0	0	2,814
S106 Schemes	196	3	0	0	0	0	199

SECTION H

Transport for London funded road schemes	4,511	0	0	0	0	0	4,511
Gritters	312	0	0	0	0	0	312
Townmead Road Depot Improvements	115	235	0	0	0	0	350
Brunswick Boxing Club	468	26	0	0	0	0	494
Teddington Hockey Pitch	10	214	0	0	0	0	224
Other Environment Schemes	282	83	0	0	0	0	365
Total Environment	14,308	11,827	3,470	3,470	1,230	1,230	35,535

FCS							
Richmond Theatre	859	0	0	0	0	0	859
PDQ Replacement Project	23	0	0	0	0	0	23
ICT Schemes	106	10	0	0	0	0	116
West London Waste Authority	3,578	6,624	3,883	915	0	0	15,000
TOTAL FCS	4,566	6,634	3,883	915	0	0	15,998

Total	58,884	76,613	29,791	8,629	7,974	6,399	188,290
--------------	---------------	---------------	---------------	--------------	--------------	--------------	----------------

Financing							
Grants	17,966	10,899	3,858	3,858	3,358	3,358	43,297
S106	4,671	137	0	0	0	0	4,808
Contributions	803	80	0	0	0	0	883
Revenue Grants Used as Direct Revenue Funding (DRF)	2,009	917	917	917	917	0	5,677
Other Direct Revenue Funding (DRF)	3,929	1,638	0	0	0	0	5,567
Earmarked Reserves	1,104	1,196	0	0	0	0	2,300
Application of Capital Receipts	8,359	15,180	13,581	0	0	0	37,120
Borrowing Requirement	20,043	46,566	11,435	3,854	3,699	3,041	88,638
	58,884	76,613	29,791	8,629	7,974	6,399	188,290

Appendix B - Prudential Indicators

The Prudential Indicators (PIs) required by statutory guidance are classified as controls on the affordability, sustainability and prudence of planned borrowing.

The Prudential Borrowing regime, where councils set their own limit on borrowing using Prudential Indicators as controls, is based on the rule that councils are only authorised to borrow long term to fund capital projects, although they can borrow short term for cash flow purposes.

However, government guidance on Treasury Management requires councils to treat liquidity almost as highly as security when investing surplus cash, and on this basis it should be unusual for a Council to have the need to borrow short term on a regular basis.

The key information in setting PI is therefore the amount of capital expenditure financed by borrowing and the existing need to borrow.

A. Capital Expenditure

The financing of the Capital Programme is key to determining future borrowing need.

The capital expenditure shown in this indicator reflects the proposed Capital Programme for 2013/14 to 2018/19.

	<u>Revised</u> <u>2013/14</u> <u>£000</u>	<u>Estimate</u> <u>2014/15</u> <u>£000</u>	<u>Estimate</u> <u>2015/16</u> <u>£000</u>	<u>Estimate</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>	<u>Estimate</u> <u>2018/19</u> <u>£000</u>
Capital Expenditure	58,884	76,613	29,791	8,629	7,974	6,399
<i>Of Which:</i>						
Financed from Grants & Contributions	23,440	11,116	3,858	3,858	3,358	3,358
Financed by RuT	15,401	18,931	14,498	917	917	0
New Borrowing Required by Programme	20,043	46,566	11,435	3,854	3,699	3,041

The estimate of capital expenditure changes during the course of the year as schemes are added and completion dates change.

The proposed Capital Programme shows a significant reduction after 2014/15. This is due to the value of government grants being lower than in previous years and the reduction in the level of reserves available to fund the Programme.

B. The Capital Financing Requirement

The Capital Financing Requirement (CFR) determines the authority's underlying need to borrow for capital purposes. Schemes that have no specific funding source increase the authority's underlying need to borrow hence the CFR increases. The level of provision required to repay debt (MRP) also increases, which will decrease the CFR. The overall change is a net increase in CFR.

	<u>Revised</u> <u>2013/14</u> <u>£000</u>	<u>Estimate</u> <u>2014/15</u> <u>£000</u>	<u>Estimate</u> <u>2015/16</u> <u>£000</u>	<u>Estimate</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>	<u>Estimate</u> <u>2018/19</u> <u>£000</u>
Capital Financing Requirement (CFR)	101,776	145,427	152,915	152,569	151,299	149,218
Year on Year Increase in CFR	+17,378	+43,651	+7,488	-346	-1,270	-2,081
Change represented by:						
Schemes financed by Borrowing (incl. leases)	20,043	46,566	11,435	3,854	3,699	3,041
MRP contributions to fund the Requirement						
- represented by MRP	-1,448	-1,905	-2,879	-3,068	-3,768	-3,845
- Financing Leases and Similar (incl. PFI)	-1,217	-1,010	-1,068	-1,132	-1,201	-1,277
	17,378	43,651	7,488	-346	-1,270	-2,081

The CFR increases when there is an increase in spending which is not funded from existing resources. The Council would therefore need to borrow to fund this scheme. The CFR does not distinguish between real borrowing (either by taking out a loan or financing lease from an external body) and "internal borrowing" from cash coming in, or reserves.

The CFR decreases where there is either no new debt taken, or contributions to repay debt are higher than the new debt.

Indicators of Affordability

Affordability indicators are designed to ensure authorities have considered the costs of borrowing in a number of ways before they approve the capital spend that requires them to borrow. To do this, they consider :

The interest and principal repayment costs as a percentage of the Council's revenue budget.
The impact of the change in financing costs on Council Tax.

C. Ratio of Financing Costs to Net Revenue Stream

This indicator compares the net financing costs budget (interest due, interest receivable, set aside and actual repayment of principal) to the Council's Budget Requirement (before Formula Grant, GLA Precept and Collection Fund surplus).

Members should be aware that this indicator has been revised since it was presented to Cabinet in January 2013, to take account of adjustments to the budget after clarifications of the methodology for the benefit changes.

	<u>Revised</u> <u>2013/14</u> <u>£000</u>	<u>Estimate</u> <u>2014/15</u> <u>£000</u>	<u>Estimate</u> <u>2015/16</u> <u>£000</u>	<u>Estimate</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>	<u>Estimate</u> <u>2018/19</u> <u>£000</u>
Net Financing Costs	5,877	6,332	8,568	7,828	7,090	6,532
Net Revenue Stream	161,507	160,389	162,443	167,677	172,573	179,418
As a Ratio	3.64%	3.95%	5.27%	4.67%	4.11%	3.64%

Financing costs represent the net interest costs to the Council (interest payable on debt less interest due on balances) and a prudent provision for debt repayment (the Minimum Revenue Provision).

These costs include those paid as part of a lease arrangement, such as the PFI contracts.

These costs are taken as a percentage of the Council's Net Revenue Stream, which is the amount the Council has budgeted to spend for the year net of specific grants but excluding Council Tax and Formula Grant income.

This figure is a latest estimate and will not be final until the Council approve the budget and Council Tax in March.

The financing costs are linked to movements in interest rates. Most borrowing is at a fixed rate, meaning interest payments will not vary, whereas most investments are for under a year meaning there are often amounts maturing which can be reinvested at (currently) lower rates. The current market projections are for bank base rate to increase from the low point of 0.50% in the second half of 2016/17, although the further into the future the projection, the less certain it is.

The interest payable costs are budgeted to increase every year as new borrowing is taken to fund the Capital Programme. Interest rates on borrowing are projected to increase slowly going forward. These costs are offset in later years by increases in interest receivable due to projected increases in interest rates.

Repayments of the loan to West London Waste Authority should begin in 2016/17 (assuming the scheme completes on time) with annual interest received of over £1m.

D. The impact of Capital Investment decisions on the Council Tax

This indicator shows the change in the level of Council Tax each year that will result from the authority's total capital plans. This can be viewed in 2 ways, both by the impact of the full effect of changes in financing costs as a percentage of Council Tax, or as the increase in a Band D Council Tax.

As with Indicator C above, this indicator has changed due to the changes to the Council Tax base calculation (set out by statute).

<u>Impact of Change in Financing Costs</u>	<u>Revised</u> <u>2013/14</u> <u>£000</u>	<u>Estimate</u> <u>2014/15</u> <u>£000</u>	<u>Estimate</u> <u>2015/16</u> <u>£000</u>	<u>Estimate</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>	<u>Estimate</u> <u>2018/19</u> <u>£000</u>
Interest Payable						
- Direct borrowing	2,632	2,804	3,633	3,833	3,877	3,891
- Leases and PFI	1,637	1,584	1,525	1,462	1,392	1,317
Interest Receivable	-1,057	-1,078	-1,041	-2,287	-3,148	-3,797
Principal Repayment						
- Represented by MRP	1,448	2,013	3,383	3,689	3,768	3,845
- Financing Leases and Similar (incl. PFI)	1,217	1,010	1,068	1,132	1,201	1,277
Financing Costs	5,877	6,332	8,568	7,828	7,090	6,532
Year on Year Increase	1,096	456	2,236	-740	-738	-558
Impact on the Council Tax Requirement (RuT element)	1.02%	0.42%	1.92%	-0.60%	-0.57%	-0.41%
Impact on a Band D Property	£13.12	£5.37	£26.24	-£8.64	-£8.58	-£6.45

This indicator is designed to allow Members to make informed decisions on project approval based on affordability to the Council and priority against other cost pressures.

The cost to the Council Tax Payer is either a cost of borrowing to finance the scheme or an opportunity cost of lost income where balances (such as S106, Infrastructure Fund, Capital Receipts) are spent instead of being held as investments.

To comply with International Financial Reporting Standards (IFRS) these include leased assets which are or will be at the end of the lease owned by the Council, such as the PFI Schools and Care Homes. The costs of financing these assets via the lease are also now shown in the principal repayment (the lease includes elements of loan charges and can also include service charges not included here, as with the PFI arrangements). PFI principal costs are fixed over the long life of the lease.

The increase in Principal Repayments on Debt is due to the anticipated increased need to borrow which increases the provision for debt repayment (MRP).

Interest payable increases over time as the anticipated level of debt increases.

Interest Receivable also increases over time. This is due to forecast increased return on investments due to anticipated bank rate increases. The repayments of the loan to WLWA start in 2016/17 at around £1m per year which also impact interest receiveable.

The year on year increase in Financing Costs in the next 3 years is due to the financing of the capital programme, particularly the need to borrow to provide school places. This will change if further resources are identified to reduce the borrowing requirement.

Indicators of Prudence

Prudence indicators are designed to ensure authorities consider the impact of their spending decisions on borrowing. To do this, they compare Gross Debt to the Capital Financing Requirement.

E. Gross External Debt and the Capital Financing Requirement

The Prudential Code states that 'In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.'

Gross Debt is defined as all external borrowing in the form of loans as well as financing leases.

The limit for debt is based on the current CFR plus the increase in the CFR over the next 3 years (the amount of the capital programme which is financed from borrowing in these years) to comply with the Code.

This limit allows authorities to borrow to meet their current need and to borrow in advance of need where this is prudent. For example, if an authority has £50m borrowing planned for capital spend over the next 3 years and interest rates are anticipated to rise next year, it could be prudent to borrow some of that £50m now.

	<u>Revised</u> <u>2013/14</u> <u>£000</u>	<u>Estimate</u> <u>2014/15</u> <u>£000</u>	<u>Estimate</u> <u>2015/16</u> <u>£000</u>	<u>Estimate</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>	<u>Estimate</u> <u>2018/19</u> <u>£000</u>
Gross External Debt Limit Set	152,900	152,600	151,300	149,200	n/a	n/a
Projected Gross External Debt	71,870	99,060	104,792	103,660	n/a	n/a
Amount above/(below) limit	-81,030	-53,540	-46,508	-45,540	n/a	n/a

Debt is projected to stay within the limit set in the medium term.

This indicator cannot be set for 2017/18 and 18/19 as this would require an additional 2 years to be added to the Capital Programme to give the borrowing requirement needed.

Indicators for Treasury Management**F. Authorised Limit for External Debt**

The authorised limit is the absolute limit of borrowing based upon the authority's plans and includes sufficient headroom for unpredictable cash movements. External Debt includes both direct borrowing and indirect borrowing implied in a financing lease or PFI arrangement. It excludes internal borrowing.

	<u>Revised</u> <u>2013/14</u> <u>£000</u>	<u>Estimate</u> <u>2014/15</u> <u>£000</u>	<u>Estimate</u> <u>2015/16</u> <u>£000</u>	<u>Estimate</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>	<u>Estimate</u> <u>2018/19</u> <u>£000</u>
Authorised Limit Set	82,000	109,000	115,000	115,000	114,000	112,000
Projected Gross External Debt	71,870	99,060	104,792	103,660	102,459	101,182
Amount above/(below) limit	-10,130	-9,940	-10,208	-11,340	-11,541	-10,818

The above indicator shows the maximum level of external borrowing including use of financing leases. An in principal decision has been made to borrow internally, accepting the associated risk of adverse interest rate movements. This figure therefore excludes any unfunded capital expenditure which the Council anticipates funding short term by running down balances.

The Council is projected to stay well within the Authorised Limit set. This limit is at the Council's discretion and any change in the projected external debt should be reflected in this limit.

G. Operational Boundary

The operational boundary should be based upon the authority's plans and should show the maximum level of external debt. It is not significant if the operational boundary is breached on occasion although sustained or regular trend above the boundary should warrant further investigation.

	<u>Revised</u> <u>2013/14</u> <u>£000</u>	<u>Estimate</u> <u>2014/15</u> <u>£000</u>	<u>Estimate</u> <u>2015/16</u> <u>£000</u>	<u>Estimate</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>	<u>Estimate</u> <u>2018/19</u> <u>£000</u>
Operational Boundary Set	77,000	104,000	110,000	110,000	109,000	107,000
Projected External Debt	71,870	99,060	104,792	103,660	102,459	101,182
Amount below Limit	-5,130	-4,940	-5,208	-6,340	-6,541	-5,818

The Council is projected to stay well within this limit.

H. Adoption of the CIPFA Code of Practice for Treasury Management

The CIPFA Code of Practice sets out best practice in treasury management and the Code has always been followed in Richmond. In 2011, a revised version of the Code was issued and the Treasury Management Policy was amended to reflect the new Code. The Policy is reviewed annually in February which allows changes to be included if necessary. The Prudential Indicator states that Authorities should adhere to the Code of Practice. All Treasury activities currently adhere to the Code of Practise and regular reviews ensure that this continues.

I. Limits on Fixed and Variable Interest Exposure

This indicator is designed to show that the authority can manage fluctuations in interest rates and that both the borrowing and investment portfolios are balanced between fixed and variable rates.

The limits are set on net exposure, which is borrowing (loans and leases/PFIs) less investments.

Short term investments or debt which last less than a year are included as variable rate investments. Although the rate is fixed for the duration, the money may be re-invested or re-borrowed at a different rate when it matures during the year. Investments and debt lasting over a year are included as fixed rate exposure.

<u>Fixed Rate Exposure</u>	<u>Revised</u> <u>2013/14</u> <u>£000</u>	<u>Estimate</u> <u>2014/15</u> <u>£000</u>	<u>Estimate</u> <u>2015/16</u> <u>£000</u>	<u>Estimate</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>	<u>Estimate</u> <u>2018/19</u> <u>£000</u>
Upper Limit	77,000	104,000	110,000	110,000	109,000	107,000
Lower Limit	43,000	70,000	76,000	76,000	70,000	69,000
Projected Exposure	67,897	95,087	100,819	101,187	94,986	93,709

The initial increase in the exposure limit reflects the increased projected borrowing in future years, which will be at a fixed rate.

<u>Variable Rate Exposure</u>	<u>Revised</u> <u>2013/14</u> <u>£000</u>	<u>Estimate</u> <u>2014/15</u> <u>£000</u>	<u>Estimate</u> <u>2015/16</u> <u>£000</u>	<u>Estimate</u> <u>2016/17</u> <u>£000</u>	<u>Estimate</u> <u>2017/18</u> <u>£000</u>	<u>Estimate</u> <u>2018/19</u> <u>£000</u>
Upper Limit	-53,000	-33,000	-33,000	-36,000	-34,000	-36,000
Lower Limit	-3,000	17,000	17,000	14,000	16,000	14,000
Projected Exposure	-27,785	-8,485	-8,135	-10,553	-8,505	-11,451

The movements in the exposure limit reflects the projected decline in balances leaving less money available for investment, so a larger proportion of investment becomes variable rate.

J. Maturity Structure of Borrowing

This indicator sets limits for the amount of fixed rate borrowing that will mature within certain time bands in the future. This is designed to ensure that authorities spread the maturity dates of their loans to avoid the risks associated with having to repay or re-borrow large amounts within a short period.

	<u>Lower Limit</u> <u>2014/15</u> <u>%</u>	<u>Upper Limit</u> <u>2014/15</u> <u>%</u>	<u>Estimate</u> <u>2014/15</u> <u>%</u>
Under 1 year	0%	30%	16%
1 to 2 years	0%	40%	1%
2 to 5 years	0%	50%	17%
5 to 10 years	0%	60%	15%
10 to 15 years	}	}	9%
15 to 25 years	} 20%	} 85%	32%
over 25 years	}	}	9%

It can be seen from the above table that the Council anticipates more longer term borrowing to take advantage of the lower annual costs for this duration.

Decisions on the duration of new borrowing will take into account both interest rates at the time and the benefits of a mixed maturity structure.

K. Total Principal Sum Invested Beyond the Period End.

Previously, authorities with debt could not invest for greater than 364 days. Under the prudential controls this restriction is lifted (i.e. Authorities can invest for more than one year).

This limit is to ensure that authorities do not invest too much of their portfolio beyond one year (which could lead to losses in interest during times of volatile interest rate fluctuations)

	<u>Revised</u> <u>2013/14</u>	<u>Estimate</u> <u>2014/15</u>	<u>Estimate</u> <u>2015/16</u>	<u>Estimate</u> <u>2016/17</u>	<u>Estimate</u> <u>2017/18</u>	<u>Estimate</u> <u>2018/19</u>
Limit	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Actual / Estimate	7.1%	18.4%	19.0%	5.9%	4.8%	4.0%
Projected Investments at 31st March (£m)	2.3	2.3	2.3	0.8	0.8	0.8

Interest rates are usually higher for longer term investments than short term. However, given the current problems in financial markets, the decision has been taken to limit further long term investments with money market institutions until the market stabilises. Investments may still be placed with other public bodies, such as other London Boroughs, County Councils etc. although appetite may be limited in this sector.

Once the Council is satisfied that the risks of long term investments can be controlled, the Council could keep up to 40% of it's investments at fixed rates to benefit from the higher rates and certainty of income. Each investment would be considered individually with respect to the need for security and liquidity and any benefit from interest rates for different durations.

Local Indicators

The Council has opted to set some local indicators to give further information and controls.

L1. Ratio of External Loans to Fixed Assets

The Council has opted to set a further, local indicator to review the value of its external loans.

This looks at the ratio of anticipated external loans to anticipated value of fixed assets (land & buildings, furniture, equipment, long licences etc).

	<u>Revised</u> <u>2013/14</u>	<u>Estimate</u> <u>2014/15</u>	<u>Estimate</u> <u>2015/16</u>	<u>Estimate</u> <u>2016/17</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Value of Loans at 31st March	49,571	77,771	84,571	84,571
Estimated value of Fixed Assets at 31st March	744,362	774,531	759,855	738,816
Loans as % of Assets	6.7%	10.0%	11.1%	11.4%

The estimated value of assets includes allowance for depreciation and revaluation changes as well as sale of assets per the approved disposal programme.

L2. Ratio of Gross Loan Interest to Council Tax Requirement

The Council has opted to set a further, local indicator to review the affordability of its external loans.

This looks at the ratio of interest payable on anticipated external borrowing in the form of loans.

	<u>Revised</u> <u>2013/14</u>	<u>Estimate</u> <u>2014/15</u>	<u>Estimate</u> <u>2015/16</u>	<u>Estimate</u> <u>2016/17</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Budgeted Loan Interest	2,524	2,696	3,525	3,725
Council Tax Requirement	107,503	109,186	116,155	122,639
Interest as % of Revenue	2.3%	2.5%	3.0%	3.0%

APPENDIX C

RISK ASSESSMENT

Risks to the Capital Programme can arise from the following:

- The complete or partial loss (or delay in the receipt of) anticipated capital receipts, particularly given the current economic climate.
- Overspending against the agreed budgets.
- Insufficient internal staffing capacity to support projects.
- Unexpected calls on the Council's capital resources from unforeseen events.
- Interest rate movements making borrowing more costly than anticipated.
- Increased level of borrowing requiring greater use of revenue budgets for interest and repayments.

These risks cannot be completely removed but the following actions have been taken to try and minimise the risks.

- Receipts are only included in the programme when there is a definite disposal timetable for the relevant assets. The 6 year capital programme assumes that approximately 70%, 60% and 50% of disposal receipts anticipated in 2013/14, 2014/15 and 2015/16 respectively will actually be received, furthermore, extra prudence is given through an assessment for the likelihood of disposals as identified by Property Services.
- A budget manager is clearly assigned responsibility for monitoring the budget and to ensure that the necessary approvals have been sought and funding identified.
- Regular capital expenditure monitoring meetings are held with budget managers to identify any problems at an early stage.
- Staffing levels in construction and property development areas to support capital projects are kept under regular review.
- The approval process for new capital schemes considers the revenue implications of increased borrowing requirements.

Officers receive regular advice from the Council's Treasury Advisors in respect of the timing in external and internal borrowing

SECTION H

Appendix D – New Schemes

Additional Schools Budget - £3.2m

This increase in budget relates to the revised procurement and construction strategy for the delivery of sixth forms in the Borough which led to a re-tendering process, as reported to Cabinet in September 2013.

Highways and Pavements - £1.25m

This scheme ensures the continued development of the Borough's roads and pavements and ensures funds are available to react to any changes in the condition of roads and pavements in the Borough. This increase is funded via revenue.

Transport for London Funded Schemes - £0.5m

TfL schemes are fully grant funded and grants are received in arrears to match expenditure. This increase reflects the latest projected expenditure via TfL on the Borough's highways, roads and pavements.

Additional Budget Towards Homelink Respite Centre - £0.25m

This scheme relates to the development of a day centre for people with dementia. This additional budget increase was approved by Cabinet in October 2013.

Other Minor Schemes - £0.3m

This includes additional budget for the Kingston Lane adaptations, S106 schemes, and the CCTV Wireless Conversion scheme. These are financed via grants, S106 contributions and revenue reserves respectively.

SECTION I

Definitions of Budget Headings

SeRCOP

The Service Reporting Code of Practice (SeRCOP) provides guidance on financial reporting to stakeholders to ensure that it meets the needs of modern Local Government; particularly the duty to secure and demonstrate best value in the provision of services to the community. The code of practice provides a standard subjective analysis to be used by Council's to ensure consistency in Local Government reporting.

EXPENDITURE

Employees

This includes the cost of employee expenses, both direct and indirect, to the authority. Direct employee expenses include salaries, employer's national insurance contribution, employer's retirement benefit cost, agency staff and employee expenses. Indirect employee expenses include relocation, interview, training, advertising, severance payments and employee-related schemes.

Premises

This includes expenses directly related to the running of premises and land and covers repairs, alterations and maintenance of buildings, energy costs, rents, rates, water services, fixtures and fittings, apportionment of expenses of operational buildings, cleaning and domestic supplies, grounds maintenance costs and premises insurance.

Transport

This includes all costs associated with the provision, hire or use of transport, including traveling allowances and home to school transport. It covers direct transport costs such as repairs & maintenance and running costs as well as recharges for vehicles hired from a central pool, hire and operating leases, staff traveling expenses, transport insurance and car allowances.

Supplies and Services

This includes all direct supplies and service expenses to the authority. It covers equipment, furniture and materials, catering, clothes, printing, stationery and general office expenses, communications and computing, members' allowances, expenses including subsistence and conferences, grants and subscriptions, Private Finance Initiative, and miscellaneous expenses.

Third Party Payments

A third party payment is a payment to an external provider or an internal service delivery unit defined as a trading operation (e.g. payment to a building firm would be shown under Premises costs).

Transfer Payments

This includes the cost of payments to individuals for which no goods or services are received in return by the Local Authority. This covers mandatory and discretionary awards to students, payments to social services clients, and Housing Benefit payments.

SECTION I

Support Services

Charges for Legal and HR shared services that are hosted by other Local Authorities and which support the provision of services to the public. These are apportioned or allocated to the service divisions that they support using an agreed method.

INCOME

Government Grants

This covers all specific and special government grants.

Other Grants & Contributions

This includes income received to finance a function/project which is undertaken with other bodies and other contributions from other Local Authorities.

Customer & Client Receipts

This includes sales of products or materials, fees and charges for services, use of facilities, admissions and lettings.

FINANCIAL ACCOUNTING ADJUSTMENTS

Central Support Charges

This covers charges for services that support the provision of services to the public. These costs are apportioned or allocated to the services they support and include the costs of Finance, IT, Human Resources, Property Management, Office Accommodation, Legal Services, Procurement Services, Corporate Services and Transport Functions.

Central Support Income

This covers income for the services that support the provision of services to the public.

Capital Charges

The costs associated with the revenue impact of capital items in the service revenue accounts are reported here, these items have a net effect of nil on Council Tax. The charges record the affect of depreciation, revaluation losses, loss of impairment of assets, amortization of intangible fixed assets and movement in fair value of investment property.

OTHER DEFINITIONS

Business Rates Levy / Tariff

As part of the new Business Rates Retention Scheme, a tariff and levy approach has been implemented to enable a one-off distribution of resources at the outset of the scheme. This is calculated for each individual authority, by comparing the Business Rates baseline against its baseline funding level. An authority with a higher individual authority Business Rates baseline than its baseline funding level pays a tariff, and the opposite applies for a levy payment.

SECTION I

Collection Fund

Local Authorities who are required by law to collect Council Tax and Business Rates must establish a 'Collection Fund' that records the amounts collected from Council Tax and Business Rates separately from the Council's own accounts. The Collection Fund also shows payments made to the Government and precepting authorities, and transfers to the Council's General Fund.

Corporate and Democratic Core

This comprises Corporate Management and Democratic Representation and management costs.

Depreciation

The writing down of the value of a fixed asset in the Balance Sheet in line with its expected useful life.

Earmarked Reserves

Amounts set aside for specific purposes falling outside the definition of provisions.

FTE

FTE is an abbreviation for the term Full Time Equivalents. FTE is commonly used to measure the number of staff employed within a service or other operational group. It enables the amount of part-time and other flexible working arrangements (e.g. 2 days per week or term-time only) to be consistently measured.